BUSINESS WEEK

The Theater

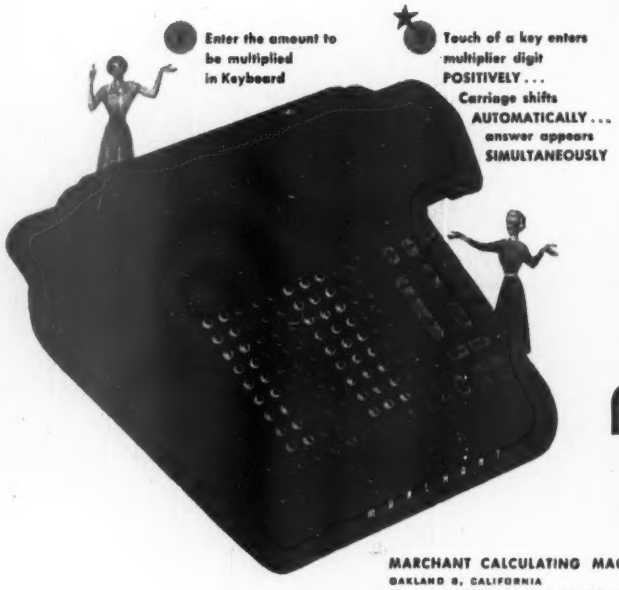


Hall of Hallmark: 1-million greeting cards a day (Page 89)

DEC 16 1950



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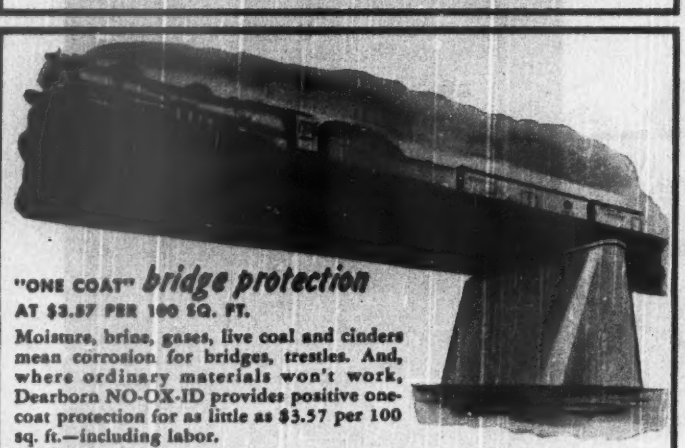
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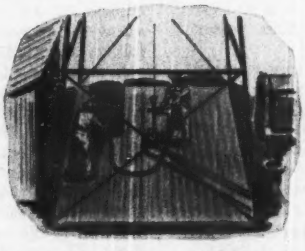


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"THE CAR THAT SAT IN THE PARLOR!"

by Mr. Friendly (READING TIME: LIKE SIXTY)



Hunter Birdsong bought a new car every year . . .
But it sat in his parlor 363 days.
He said he never drove it because he might have an accident . . . might get sued for every cent he had . . .
Then he wouldn't be able to buy a new car every year!



"But what good is a car you never drive?" said Mr. Friendly one day.
Hunter scratched his head, "Never thought of that! . . . an interesting point of view."

"Supposing," said Mr. Friendly, "you never had to worry about lawsuits and repairs . . . supposing a company helped you to avoid trouble—and took care of everything when you had an accident, a fire, something stolen . . ."
"A wonderful idea," said Hunter. "Why hasn't anyone ever thought of it before! You really spark with ideas!"
"Oh, it isn't exactly original!" said Mr. Friendly, modestly. "It's called insurance . . . and American Mutual, the company I referred to, actually protects in one way or another three million families!"
"Let's make it three million and one!" said Hunter eagerly . . . and he signed up that very day. Now he's completely happy . . . he has his car . . . *And he drives it too!*



AM

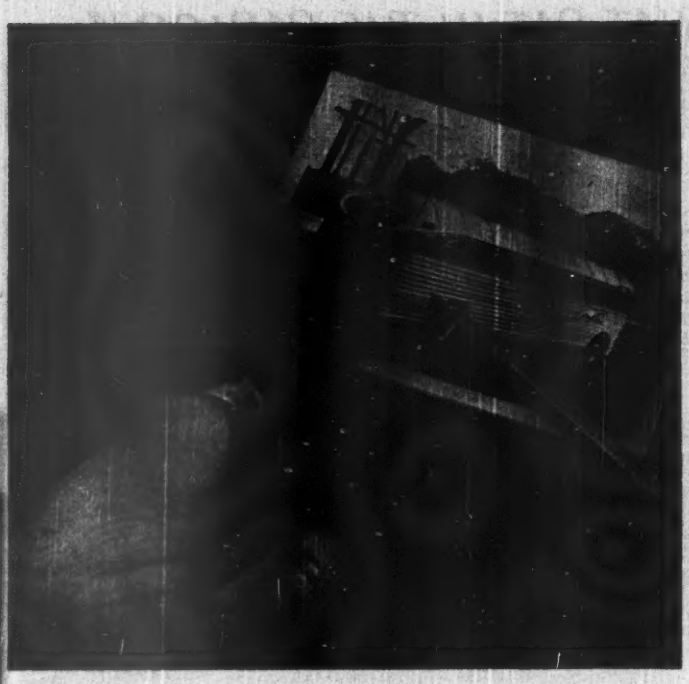
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DU PONT NYLON CUTS COST OF COUPLING ABOUT 90%... SOLVES VITAL WEAR PROBLEM

Replacements in Greyhound diesels reduced phenomenally

The Greyhound Corporation has not only solved a serious mechanical problem with this nylon plastic part, but has also cut costs of the part itself by about 90%. The source of trouble was a two-piece steel coupling in diesel bus engines (connecting the water pump with a drive shaft from the blower). This part failed so frequently that as many as 200 buses went to the repair shop each month to have a new coupling installed.

After many modifications of the steel part failed to stand up, nylon plastic was tried. Now, out of 1000 nylon couplings in use for six months, only a few have had to be replaced.

The new and intricate nylon part is made in one piece by rapid, mass-production injection molding. This, plus the fact that nylon's light weight makes it much cheaper than many metals on a volume basis, accounts for Greyhound's remarkable cost saving.

Nylon is strong, tough and resilient . . . absorbs shock and vibration . . . resists wear . . . operates quietly and smoothly with less lubrication than is required for metals and, in some cases, with no lubrication at all.

Perhaps you have a problem this versatile plastic might solve. Domand for nylon currently exceeds our ability to supply. However, we suggest you investigate and evaluate the properties of nylon for future application and product improvement. Experimental quantities are available. For additional information on nylon and other Du Pont plastics, write:

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Polychemicals Dept., Sales Offices:
350 Fifth Ave., New York 1, N. Y.
7 S. Dearborn St., Chicago 3, Ill.
845 E. 60th St., Los Angeles 1, Calif.

Nylon coupling molded by Sinko Mfg. & Tool Co., Chicago, Illinois.

DU PONT
PLASTICS
Better Things for Better Living
. . . through Chemistry

Highlights
In This Issue

The Emergency

• What's coming next on price controls, allocations, war orders. P. 19

What Worries Businessmen

• Above all, material scarcities; after that, prices and manpower. P. 25

Prices Are Too Low

• Retail prices, that is—in relation to wholesale prices. There's a squeeze in the making. P. 44

Threat in Asia

• Chinese are top dog, for now anyway, and U.S. and Britain are split on what to do about it. P. 133

"Look at All Three"

• The man who said that is dead these 10 years, but you can still see his mark on half the hot ads and hot magazines in the country. P. 78

Wool Joins Silk

• Now wool, too, has to compete with a cheaper and in some ways better synthetic substitute—Dynel. P. 58

THE DEPARTMENTS

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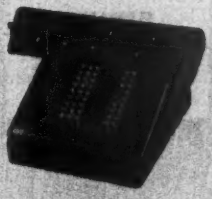


"Let's see the one at the bottom again!"

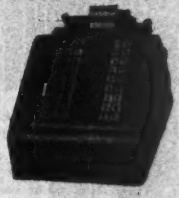
With so limited a selection, the little lady's indecision is understandable. After all, what's the difference between one herring and another? It's not like trying to decide *which* business machine is best suited to handle *what* figure job. That problem's a cinch—simply choose a Monroe. Because Monroe offers such a wide choice of models to handle every figuring or accounting job. Quickly. Efficiently. Economically. Those are the cold, bare facts.



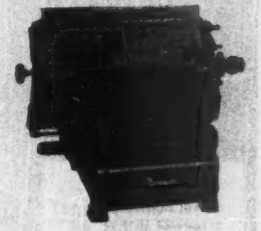
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Reviewing the "News"

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Nine new products in a year is something of a record. But the real significance of such an achievement is the contribution they are making to the nation's health and comfort.

That has always been the motivating idea behind American-Standard research and product development activity. Whenever American-Standard brings out anything new, or improves existing products, you can be sure that they will fill a need, and that they are as fine as money can buy. For details of American-Standard heating and plumbing, write for free Home Book.

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BUSINESS OUTLOOK

Declaration of a national emergency isn't going to change the shape of business very much.

Everyone has known for two weeks that we are going to have to arm faster—whether we stay in Korea or not. Everyone has known the speedup would cause dislocations, lead to controls over the economy.

This week's doings in Washington just make it official (page 19).

•

Here's a tipoff that the Economic Stabilization Agency hasn't any overall price-ceiling order ready:

This week, by letter, it invited producers of steel, copper, zinc, and lead to meet with ESA on Jan. 3, 4, 5. The only possible purpose would be to get agreement on a hold-the-line policy.

But voluntary controls just won't do the job. As one metal producer puts it: "Real ceilings are coming. Why worry about them?"

•

Producers of major metals will hold the line.

But what producers charge and what you have to pay often differ.

Take for example, a small sale of special high-grade zinc this week. It went in the "outside market" for a reported 51¢ a lb., against an official quotation of 18¾¢ a lb. for that grade.

You ask "Who would pay such a premium?" Well, suppose you were making toy pistols; this might be your last chance to get metal.

•

When you turn a gray market into a black market, by legal definition, you chase out the legitimate operators. That's what happened when the National Production Authority banned conversion deals in copper scrap.

By midweek, one grade of copper scrap had dropped 4¢ a lb. for want of big takers. Earlier, it had been trading at or above 28¢ a lb.

•

Cold figures show why the use of metals must be curtailed.

Copper shipments to consuming industries declined from October to November. Nevertheless, such deliveries (exclusive of stockpile) exceeded production in each month by more than 10,000 tons.

For the 11 months ended Nov. 30, refiners shipped a near-record 1¼-million tons. That exceeded new supply by 90,000 tons.

•

Prices of basic raw materials faltered at times this week. Traders wondered when, and at what levels, ceilings would be imposed.

There also was talk of the government's taking imports out of private hands. This seems likely in rubber (BW—Dec.9'50,p76). Such a system can spread fast; look what happened in Britain in 1939-45.

But, behind these worries, prices clearly were tending higher again.

•

Prices of materials and parts used in manufacturing, particularly, are still climbing steeply. This boosts costs, finished-goods prices.

The Bureau of Labor Statistics has price indexes that measure the trend from two different angles:

(1) There's the spot market index of 16 of industry's most important raw materials. This has been rising steadily since last May. It broke through into new high ground for the postwar period as far back as August. It's up nearly 60% in less than eight months.

(2) Then there's the wholesale index of items other than farm products

and foodstuffs. This contains a host of things, moves more slowly than the spot index. It, too, broke into new high ground in August and has hit new tops in 16 of the last 18 weeks. It's up over 12% in eight months.

•

Prices at retail are still moving up as advances in primary markets and at wholesale are passed along. And the big boost in the wage bill has yet to be added.

This week saw a new flood of hikes on finished goods. They ranged all the way from carpets to farm implements.

More are in the works. Makers of washing machines and newsprint, for example, are warning that their prices will rise.

•

And no discussion of prices would be complete without this: The Master Barbers Assn. has boosted Saturday haircuts in Chicago to $1.50; the rate for the earlier days of the week goes up to $1.35.

Remember the old refrain: "Shave and a haircut, six bits."

•

The arms speedup will increase the amount of "conversion idleness" in both plant facilities and manpower. But the effects, where they show up at all, will be temporary and rather isolated.

Little has happened so far that you really can put your finger on.

Perhaps a slight upturn in the number drawing unemployment compensation is a straw in the wind. But that figure, when it went below 800,000 was almost unbelievably low; a small rise can't be taken too seriously.

Then there's a rise in unemployment in the Providence (R. I.) area. But here again, the comparison is with an exceptionally good figure.

Anyhow, Providence has a solid complaint. Many of the hands idled are in soft goods; machine makers, crying for men, can use few of them.

•

Raw-material shortages (whether due to arms conversion or not) will cause layoffs until military output fills in.

•

One such is announced by General Electric. It expects to idle 2,500 in its refrigerator plant at Erie, Pa., soon after Jan. 1. Restrictions on the use of aluminum and copper are mentioned particularly.

•

Department stores certainly went into the holiday season prepared for a whopping business—whether their hopes are being realized or not.

As far back as the beginning of last month, they had built shelf and warehouse stocks with a dollar value 20% ahead of a year earlier. And they had placed orders, still to be filled, that were 50% ahead.

The Federal Reserve Board's report on 296 stores puts stocks at a bit more than $1.2-billion. That's $150-million higher even than the holiday peak in record-breaking 1948.

•

Next January is likely to see the last "bargains" in a long while.

Even if department stores have a sudden rush in sales, it isn't likely that they will move all their merchandise. January clearances, as things look now, will be in order—but they'll be the last before shortages begin to develop.

It's hard to tell how much of this fall's sales slack stemmed from earlier overbuying. And it's equally hard to say when some new wave of scare buying may develop, hastening the day of barer shelves.

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Out of Gulf Research Laboratories—

a new Gulf Lubricant

that reduces wear, ends lubrication troubles in vibrating screens



Another outstanding Gulf lubricant to help reduce maintenance costs for important production equipment! Gulf Cam Grease combines all the properties necessary to insure improved lubrication of hardworking cams in shaker screens.

Because it has a high dropping point, Gulf Cam Grease does not leak out of eccentric strap bearings, even at the high temperatures encountered in severe service. Thus, for this application, it is superior to oil, which has a tendency to leak out, leaving the bearings unprotected and creating an accident hazard.

Just as important is the fact that Gulf Cam Grease is exceptionally stable at high operating temperatures—does not separate or oxidize appreciably. And unlike most high-temperature greases, Gulf Cam Grease is an effective lubricant where wet conditions prevail.

Gulf Cam Grease is recommended for cams or eccentrics on the shaker screens of coal breakers, preparation plants, and all types of rock and mineral processing equipment. Its use helps prevent overheating in bearings, and insures lower maintenance costs.

Perhaps this outstanding Gulf Lubricant can be used profitably in your plant. Write, wire, or phone and ask a Gulf Sales Engineer to call.

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New materials foster new ideas. Flexible thinking can transform unusual material properties into unusual products. Dolls, bath toys, overshoes like these were not possible before the introduction of VINYLITE Brand Dispersion Resins.

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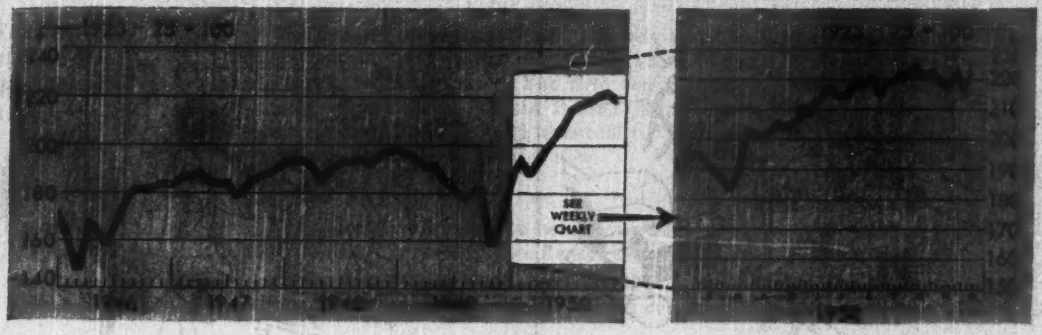
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FIGURES OF THE WEEK



	§ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Business Week Index (above)	*226.5	†218.0	219.1	186.8	162.2
PRODUCTION					
Steel ingot operations (% of capacity)	101.3	100.5	102.7	94.1	97.3
Production of automobiles and trucks	159,862	†152,107	161,009	52,514	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	$48,559	$51,969	$33,117	$31,802	$19,433
Electric power output (million kilowatt-hours)	6,909	6,716	6,574	5,881	3,130
Crude oil and condensate (daily average, 1,000 bbls.)	5,755	5,825	5,911	4,979	3,842
Bituminous coal (daily average, 1,000 tons)	1,567	1,810	1,902	1,591	1,685
TRADE					
Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars)	74	81	84	70	86
All other carloadings (daily average, 1,000 cars)	49	58	60	46	52
Money in circulation (millions)	$27,698	$27,543	$27,388	$27,699	$9,613
Department store sales (change from same week of preceding year)	–1%	–3%	None	–8%	+17%
Business failures (Dun & Bradstreet, number)	170	160	135	191	228
PRICES (Average for the week)					
Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Oct. . . 174.8	....	....	173.8	168.5	105.2
Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100)	487.4	483.2	487.2	345.8	198.1
Industrial raw materials, daily index (U. S. BLS, Aug., 1939 = 100)	345.8	337.1	336.8	225.7	138.5
Domestic farm products, daily index (U. S. BLS, Aug., 1939 = 100)	367.7	361.3	355.5	296.8	146.6
Finished steel composite (Iron Age, lb.)	4.131¢	†4.131¢	3.837¢	3.705¢	2.396¢
Scrap steel composite (Iron Age, ton)	$45.08	$40.75	$40.75	$27.25	$19.48
Copper (electrolytic, Connecticut Valley, lb.)	24.500¢	24.500¢	24.500¢	18.500¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.)	$2.28	$2.26	$2.22	$2.23	$0.99
Sugar, daily price (raw, delivered New York, lb.)	6.26¢	6.21¢	6.20¢	5.76¢	3.38¢
Cotton, daily price (middling, ten designated markets, lb.)	41.96¢	42.25¢	42.26¢	30.08¢	13.94¢
Wool tops (Boston, lb.)	$3.35	$3.35	$3.15	$1.95	$1.41
Rubber, daily price (ribbed smoked sheets, New York, lb.)	68.20¢	70.30¢	83.70¢	17.69¢	22.16¢
FINANCE					
90 stocks, price index (Standard & Poor's Corp.)	155.4	154.2	157.9	131.3	78.0
Medium grade corporate bond yield (Baa issues, Moody's)	3.21%	3.22%	3.22%	3.32%	4.33%
High grade corporate bond yield (Aaa issues, Moody's)	2.67%	2.67%	2.67%	2.59%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1½–1½%	1½–1½%	1½–1½%	1½–1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1½–1½%	1½–1½%	1½–1½%	1½%	½–1%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	50,452	50,546	49,230	47,724	††27,777
Total loans and investments, reporting member banks	69,807	69,923	69,373	66,938	††32,309
Commercial and agricultural loans, reporting member banks	17,274	17,097	16,710	13,807	††6,963
Securities loans, reporting member banks	2,207	2,463	2,106	2,401	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	32,924	32,984	33,392	37,153	††15,999
Other securities held, reporting member banks	6,303	6,353	6,307	4,973	††4,303
Excess reserves, all member banks	960	720	770	896	5,290
Total federal reserve credit outstanding	20,922	20,501	19,853	18,628	2,265

*Preliminary, week ended Dec. 9.
††Estimate (BW—Jul.12'47,p16).
§Date for "Latest Week" on each series on request.
†Revised.



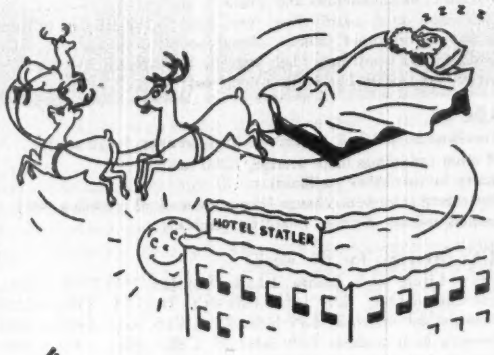
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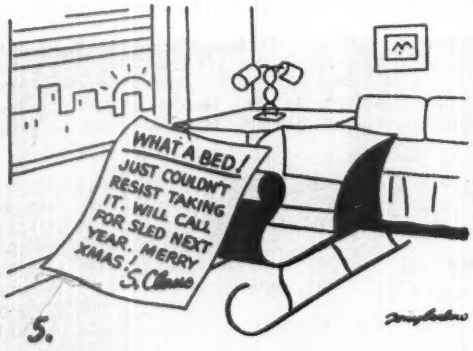
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DETROIT • **ST. LOUIS** • **WASHINGTON**
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WASHINGTON OUTLOOK

WASHINGTON BUREAU
DEC. 16, 1950



The defense program is over. The new plans are for a war program. Officials don't say so publicly. They still talk of "defense," only on a bigger scale and at a faster pace. But note the growing tendency to pin the reverses in Korea on the Soviets. Behind this is a rising conviction that we will have to call Russia's hand, eventually. "We must gain the initiative" is what you hear more and more now.

•

The objective abroad is to assure our allies of more U. S.-made arms and of a U. S. willingness to face Russia when, as, and if a showdown comes.

The implications at home are unmistakable in general terms, although it will be months yet before the full impact is felt.

It will be a long, hard pull, with shortages, controls, and high taxes running for no one knows how far into the future.

The best to expect is a "close-to-war" way of living and working—until expanding production can ease the burden of a big war program.

The worst to expect is atomic war. There's no way of knowing whether Western plans to rearm rapidly will hold Russia off or provoke her into quick attack. That's the source of the war fears.

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Mobilization won't be all-out, even with the stepup that's ahead. There is talk about it, especially in Congress. But it's headline stuff, nothing that's well thought out.

All-out would call for a $125-billion pace. In goods and services, it would take 40% of all that's available. World War II experience showed that a 40% diversion for war is about the practical top. After that, production efficiency on the home front slips.

Half-scale mobilization is probable. The plans now in the mill for arming ourselves and our allies indicate a program that will take some $60-billion annually when it's going full blast. That's about 20% of all goods and services, against the earlier post-Korea plan, which called for a diversion of only about 10%.

That's enough to create major business problems, even though 20% may seem small in an economy such as ours. The point to keep in mind is this: The 20% diversion won't be spread uniformly through all industry. Many lines can't be cut back and will even expand—such things as utilities, transport, fuels. That means that the less-essential users of metals and other key war materials must bear the brunt of cutbacks.

•

Civilian production curbs will tighten as the arms program grows. The first real pinch will come in January—limitations on the use of metals. But there will be another sharp pull-up later, as the arms money Congress is voting is fed out in orders. Most goods made of metals will be short.

Plants hit by cuts may not be able to take up the production slack for months. In autos, for example, the first-half cut in 1951 production now is figured at 30%. That means some idle facilities and men. But it probably will be midyear before defense business trickles through and fills the gaps.

•

Watch for a huge excise-tax bill in the January session of Congress. The Administration is working on it now. The idea is to discourage buying

WASHINGTON BUREAU
DEC. 16, 1950

of metal consumer goods. The list under consideration ranges from autos and appliances down to gadgets. One official describes the scheme as a "sales tax in disguise."

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Selective price controls are regarded largely as a stopgap, at best. Once controls on prices and wages start, they have to go all the way—otherwise the whole economic machine will get out of gear. Officials know this. But they aren't ready yet for the job of running general controls. Nearly everyone in government agrees general controls are only a matter of time.

•

The confusion in Washington is unbelievable.

The single firm decision is that we must arm faster. But beyond that, the Truman men are split wide open. There's no agreement on how far and fast to push arms making, how to control raw materials and fight inflation. Mobilization now is being run largely by guess.

The White House dramatics have some earmarks of a political maneuver. Roosevelt's World War II declaration of a national emergency still stands, which means that a new declaration can add nothing to the powers Truman holds. But the big show of activity tends to divert public attention from Korea and gives the impression that Washington now is prepared for anything.

•

The Washington leadership is under fire. The charges of weakness and fumbling are partly hindsight, of course. Nevertheless, the mistakes on Korea have created uneasiness over the handling of top policy.

Truman is the boss of all. He has the final say on military programs, foreign policy, economic controls. Associates say he's on edge—often impatient with subordinates who don't agree with him.

Symington of the National Security Resources Board is the home-front boss. He's close to the President and an "all-outer"—he would slap on controls now, then fix things up later.

Harrison of the National Production Authority bosses materials. He splits them up between defense orders and the civilian economy, subject to policies set by Symington.

Sawyer of Commerce is the go-between in government-business relations. Fair Dealers have stopped trying to get Truman to fire him.

The unions haven't got hold of any key defense jobs, but they have an "in" with Truman through Democratic Chairman Boyle.

Marshall of Defense has great influence with Truman on the military. But his friends are afraid the strain will be too great for him now.

Pace, Matthews, and Finletter, the Secretaries of Army, Navy, and Air Force, have become secondary advisers. It always happens that, in times of war, the military takes over from its civilian bosses.

Acheson of State is on thin ice, but may stick it out for a while yet. Truman relies heavily on Harriman, his special adviser, on foreign-policy matters.

There's a great deal of internal bickering, largely because powers are scattered among so many hands. Truman is pushed and pulled by conflicting advice.

But pressure to reorganize is growing and may force action soon.



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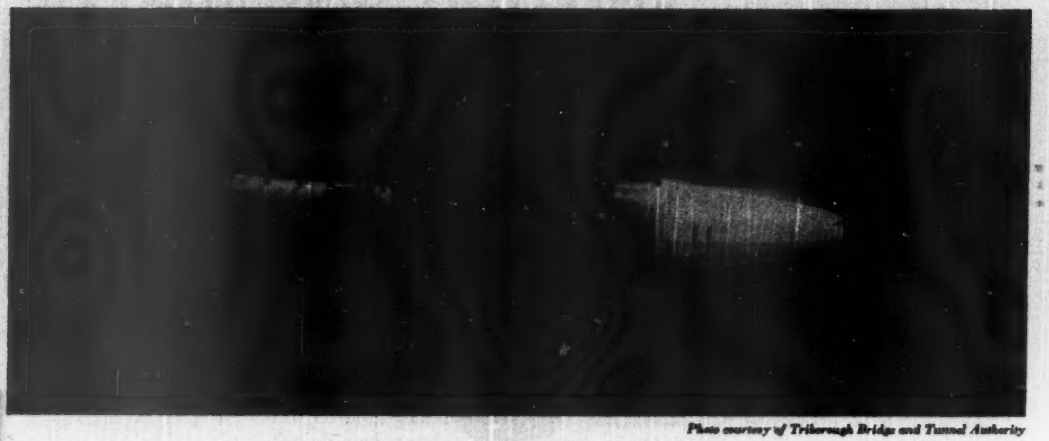


Photo courtesy of Triborough Bridge and Tunnel Authority

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GENERAL ELECTRIC

BUSINESS WEEK NUMBER 1111
DECEMBER 16, 1950

Emergency Week—First Steps

• The dramatic announcements now mostly have a psychological purpose, but behind them is a real stepup in mobilization.

• Price controls on metals are just ahead, to be followed by sweeping regulations when the control machinery is ready.

• Some form of controlled-materials system is to be figured out for use next spring; meantime, critical stuff will be cut back still more.

• Military manpower goals will be raised from 3-million to 5-million, putting a still greater pinch on the labor force.

Washington is beginning to do the things that spell real mobilization.

The ballyhooed decisions this week are not too important in themselves. They won't change the way people do business tomorrow, or the day after. But they are the forerunner of painful actions to come.

• The President's "national emergency" speech simply set the pitch, laid out the dimensions of the job ahead, the sacrifices in men and money to come.

• The Stabilization Agency took its first plunge into price policing. At midweek the Administration was threatening to issue an order knocking out the price rise in automobiles, which Ford and GM refused to rescind voluntarily. Industrial raw materials, especially nonferrous metals, are next on the carpet. Other producers will be expected to hold the line voluntarily until Alan Valentine can set up the machinery for another OPA.

• The White House is blueprinting a new mobilization office to put all emergency powers under one roof.

• **Long Range**—This is not being done as preparation to fight the Chinese; Korea has already been written off as a significant road block against communism. Nor does the stepup mean that the U. S. expects Russia to start World War III any minute. Rather, the purpose is to get ready for an ultimate challenge to Russian expansion (page 15).

For now, the chief purpose of the alarums is psychological. Truman felt he had to do something to counter MacArthur's defeat.

The new declarations accomplish little directly. A new national emergency adds little to the powers the President already has. And it doesn't do much to stop inflation when you regulate prices on something like cars that people buy once every two or three years.

But these things are about all Truman could do in a hurry. They are the necessary preliminaries, conditioning business, labor, and the farmer for the regimentation that lies ahead.

• **No Staff**—The threatened action on auto prices—even if it doesn't materialize—illustrates why you have to put on restrictions selectively at first. A new General Maximum Price Regulation is simply out of the question at this time. ESA just does not have the staff, let alone the standards, needed to do the job.

It's all very well to say, "Freeze now, worry about adjustments later." Back in 1942, in wartime, OPA had fixed prices in bits and pieces on around 45% of the goods people buy before General Max came on. Yet the problems raised by an across-the-board freeze snowed OPA under, virtually stalled its operations.

• **Food Free**—There's a worse problem than administration: Valentine and Mayor DiSalle can do nothing today about the biggest single item in the cost-of-living index—food. Most farm products are still below their parity price, and the Defense Production Act forbids ceilings below the parity level.

ESA would look pretty foolish invoking a broad freeze that left food free to rise.

• **More Ceilings**—Price ceilings on industrial raw materials are sure. Valentine has invited copper, lead and zinc, and steel producers to meet with him the first week in January to work out ceilings.

Meantime, they are expected to keep price schedules unchanged lest they get hit by an arbitrary ceiling.

• **Rules**—This doesn't mean that absolutely no price increases will be permitted in manufactured goods. In the period of buildup at ESA, price man DiSalle will stand for increases that meet this formula:

• No price increases where there are no cost increases.

• Where costs go up, prices may rise, but only to the extent the manufacturer can make a justification for them on increased costs.

• Even then, if profits are large enough to absorb costs, increases will be banned.

The emergence, finally, of price stabilization is having its psychological effect on other mobilization fronts.

National Production Authority has raised its sights on conversion of industrial plants to defense production. Now it figures that military orders will force a cutback in auto and appliance production of 30% in the first half of 1951, more later. This cutback is considerably higher than earlier estimates of 15% to 20% slashes.

This means that one assembly line in four will have to give up civilian output because of materials shortages, will be available for military orders. The supply of metals for civilian production is going to be cut back faster than NPA had scheduled. There will be some limitations on end use of material early in the year, and some kind of controlled-materials system must now be anticipated for next spring.

Selective Service has doubled its January and February draft quotas—up to 80,000 a month. That's the start of a program to raise the military manpower goal from around 3-million to 4-million or 5-million men.

The speedup in rearmament, and the effort of the Administration not to reduce living standards, will strain a labor force that is going to be shy of the men slated to go into uniform. So plans are being readied to get more women into the labor force, part-time or full-time.

Congress is planning now to vote more money and more taxes—and there's getting to be more and more serious talk of a universal military service system.

Big Steel Steps Up Expansion Program

U.S. Steel hopes to be producing and rolling steel at Morrisville, Pa., a year from now. That's the effect Korea plus an accelerated U.S. rearmament program have had on the world's largest steel producer.

It was only a year ago that the corporation announced acquisition of a 3,800-acre tract on the Delaware River across from Trenton "as a possible future site for an Eastern seaboard steel mill" (BW–Jan.7'50,p24). Since then, the corporation has announced only that it plans a mill with a minimum capacity of 800,000 ingot tons.

Last week, however, the corporation contracted with a Cleveland firm for a single blast furnace, reported to have a daily capacity of 1,500 tons of pig iron. It hopes now to have it producing in December, 1951. Two additional furnaces are immediate possibilities—depending on available ore supplies.

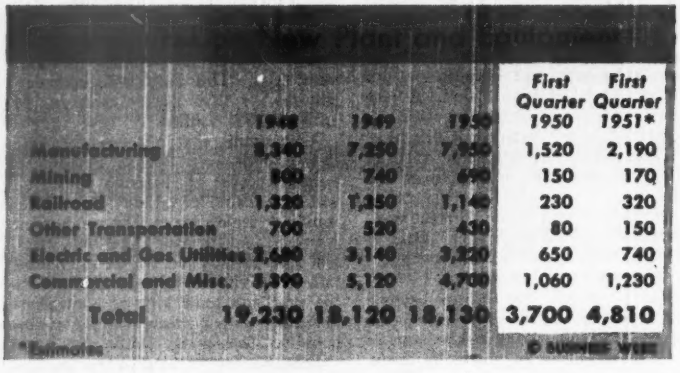
• **Speedup**—U.S. Steel planned its Morrisville plant to come into production when ore was available from its rich Venezuela strike. That looked like a three- to five-year period. But new steel capacity can't wait. So Morrisville will start operation with imported ore—from any source that will sell it.

• **Capacity**—Projecting from a 1,500-ton blast furnace, U.S. Steel will have to get a 1,200-ton coke plant into operation—plus open hearth or other steel furnaces whose normal capacity would be about 3,000 tons daily.

A 30,000-kw. powerplant will be needed then, with more power capacity to be added if additional blast furnaces are O.K.'d for immediate construction.

Ultimately, according to Pittsburgh reports, the corporation plans nine blast furnaces at Morrisville, which would put the plant close to the world's two largest—Carnegie Illinois' plants at Gary, Ind., with 12, and at South Chicago, with 10. Contracts already have been placed, Pittsburgh sources insist, for an 80-in. hot-strip mill and for two cold-strip mills for Morrisville.

• **Apple Cart**—The neat precision with which the corporation had planned to bring in the new plant may be replaced by a scramble. If the coke plant isn't ready, U.S. Steel could be shipping coke to the new furnace. If the powerplant isn't generating, Philadelphia Electric and the huge Pennsylvania-New Jersey power pool will be called on—right at the yearly peak-load season. If the mills are ready and the furnaces aren't, slabs will have to be shipped in.



	1948	1949	1950	First Quarter 1950	First Quarter 1951*
Manufacturing	8,340	7,230	7,950	1,520	2,190
Mining	800	740	690	150	170
Railroad	1,320	1,250	1,140	230	320
Other Transportation	700	520	430	80	150
Electric and Gas Utilities	2,680	3,140	3,220	650	740
Commercial and Misc.	5,390	5,120	4,700	1,060	1,230
Total	19,230	18,120	18,130	3,700	4,810

*Estimates

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Spending Grows for '51

SEC and Commerce Dept. figures, the official measure of capital spending, show the size of the new business boom. They confirm a recent BUSINESS WEEK survey (BW–Nov.11'50,p19), which spotlighted industry's plans for expansion in 1951.

• **Fast Start**—SEC and Commerce estimate that, in the first quarter next year, business will lay out $4-billion to $8-billion for new plant and equipment. That's about 30% more than industry spent during the first quarter of 1950.

Almost half of the new spending will go into manufacturing, according to SEC estimates. Capital outlays for manufacturing-plant expansion in the first quarter of 1951 will be 44% greater than in the same period this year.

• **Soft Spot**—Not only manufacturing, but every industrial category, shows an increase in spending plans for next year. The only probable soft spot is mining. The mining industry's plan for $170-million expansion in the first quarter next year is a 13% increase over the same period this year. But it's less than the first quarters of 1948 and 1949.

Iron Ore Scare

Down-lake stockpiles are lower than last year; consumption is higher. Steel men see a critical shortage if winter is long.

There's enough iron ore in stockpiles now to feed all the country's 174 blast furnaces through the winter months. But at the current high rate of consumption, there will be little left over come spring. Steelmakers foresee a critical shortage in May if ice on the Great Lakes is as late breaking up as it was last spring.

Ore boats couldn't get through until the third week in April. But in spite of the late start, lake carriers brought down 78.3-million tons before the freeze-over this fall. Adding the 1-million tons that were transported by rail brings the year's total to about 10-million tons more than was moved to down-lake ports in 1949.

• **Fast Use**—Ore companies are patting themselves on the back for that. But steelmakers take little comfort. As of Dec. 1, they measured their stockpile at 40.5-million tons—about 4-million tons less than last year. With consumption running at about 7.4-million tons a month, the stockpile will dwindle to between 11-million and 13-million tons by Apr. 1, the normal reopening date for lake shipping.

Steelmakers view a 13-million-ton stockpile as scary. If the ice stays until May, the stockpile will be down to 5-million or 6-million tons. That's really critical.

To make things worse, these stocks will not be evenly distributed among steel companies. Some firms are already looking over their competitors' larders as a source of emergency supply.

• **Plans for Spring**—Steel companies are also making plans to get ore moving by rail early next spring and to get set for an early opening of the Escanaba (Mich.) ore dock. Normally, Escanaba opens two or three weeks before Duluth, Superior, Ashland, or Two Harbor. Ore from Escanaba is not so rich as from the other ports, but steel companies will be jumping for it next spring.

• **Prices Going Up**—Ore prices for delivery next year are already going up. Cleveland Cliffs Iron Co. has hiked its prices about 60¢ a ton. Other ore companies are expected to follow suit.

• **Scrap Shortage**—Steel mills also face a critical shortage of scrap. That's an immediate problem. Quotes on scrap in the Cleveland district jumped $2 a ton this week. Said one ore company: "Steelmakers will have cold open hearths for lack of scrap before cold blast furnaces for want of iron ore."



ATOM PRIMER. Portland (Ore.) children are taught to huddle on floor of school basement in air-raid drill. And the nation is weighing the spending of . . .

$3-Billion for Civil Defense

Congress is rushing bill to provide $1.7-billion in federal money. States and localities would put up the rest. Measure is expected to pass at present lame-duck session.

Congress this week was hammering out a $3-billion bill destined to rush the U. S. into the civil defense business on a huge scale.

The defeat in Korea gave legislators a feeling of almost desperate urgency. It seems certain that the bill will be completed quickly, be rushed through the lame-duck Congress before the end of the year.

• **Money Bill**—The vital followup—the actual appropriation of money—is expected early next year when the new Congress meets. The Administration is already framing an $80-million appropriation bill to get the program rolling. Later on, Congress will be asked to put up the rest of the nearly $1.7-billion that will be the federal government's share.

The states and localities will be asked to raise the remainder—more than $1.4-billion. Congressmen and civil defense planners say they can already hear the howls that will arise at the matching-funds provisions.

A Congress subcommittee is hard at work on the bill behind closed doors, under the watchful eye of Chairman Vinson of the House Armed Services Committee. Their job is a tough one: spelling out the details so blithely skipped over in the original civil defense bill introduced last September by Rep. Durham of North Carolina.

• **No Limit**—Durham's bill was strictly blue-sky. It set no limit on the money that could be spent. It authorized the President to take nonearmarked funds from any other agency in case of enemy attack. And it gave advance congressional assent to any civil defense pacts the states might work out with each other or with neighboring countries.

This sky-is-the-limit measure roused heavy opposition at the Capitol, especially over the unlimited spending clause. That's why the subcommittee now is working out a specific and restricting bill.

• **Breakdown**—For basic framework, the committeemen are using a program outlined by James J. Wadsworth, acting deputy administrator of the federal government's interim civil defense agency. Wadsworth's plan calls for spending $3-billion by mid-1953. Here's how the program breaks down, with the shares to be borne federally and locally:

• For communal shelters, $2½-billion, half supplied by the U. S., half by the states.

• For heavy equipment, $200-million, equally shared by the federal government and the states.

• For regional stockpiling of medical and engineering supplies, $400-million, all from the central government.

• For control center and air-raid warning equipment, $32-million, all from the federal government.

• For local personnel and administration, $200-million, all local.

By the time the bill is ready the new Civil Defense Administration, created by executive order on Dec. 1, will have organized itself. Wadsworth's new boss, Administrator Millard F. Caldwell, Jr., will then take over the job. It's a big one, but Washington opinion is that the former governor of Florida has many of the qualities needed. Tall, lanky, and slow-spoken, he's little known nationally, but has a hefty reputation among governors. One thing that's sure, they say, is that Caldwell will be able to get along with Congress and with people generally.

• **Secretary**—Meanwhile, local authorities are still unsatisfied with federal civil defense activity despite the recent speedup. Only last week the American Municipal Assn. asked Congress to give civil defense its own secretary, who would operate under the Defense Secretary and be equal to the Army, Navy, and Air Force chiefs.

Gen. Marshall flattened that plea quickly, saying that his job was purely military defense; the civil side was up to civilians.

• **Shelters**—Thinking on shelter design hasn't crystallized yet. One plan calls for underground shelters approximately the size of box cars, designed to be linked together like sausages, according to needs.

For unjointed construction, reinforced concrete is the recommended material if steel and cement can be found. One school of thought likes two-story shelters, another holds to one story, and the smaller the better.

Federal and state money undoubtedly will be invested in shelters on plant property of essential industries.

Before the Communal Shelter Manual is out, the government may get out a small bulletin on family backyard shelters. But so far, the only information on shelters is contained in the civil defense booklet, Damage from Atomic Explosions.

Dolling Up for a Christmas Boom



Doll manufacturers this week gave thanks for the maternal instinct. At almost any doll counter in the country, they could find abundant evidence that little women are little women still. Ideal Novelty & Toy Co., Hollis, N. Y., says its doll volume is 55% ahead of 1949, figures the doll industry as a whole is 25% ahead of last year.

• **Specter at Feast**—With all this, the toy industry is in a stew. The Toy Manufacturers of the U.S.A. called a meeting this week in New York to worry out their problem together: serious war shortages.

A dealer in nonessentials, the toy maker will feel the pinch of allocations. Big manufacturers will convert to war production to some extent; the smaller companies will need all their skill as "make do" experts to keep the business they enjoy this year.



DIP THEM. Doll molds are lowered into tanks of liquid latex. There's no drip; molds coagulate while they dry.



BLAST THEM. Air forces latex form off mold. This leaves a skinlike shell that forms the doll body.



GLUE THEM. Conventional plastic doll bodies are glued together, edges buffed.



DRESS THEM. Blessed Event gets baby clothes and a pink blanket to wrap it in.



MEET THE MISSUS. Sale looks like a certainty when little girl sees a Blessed Event.

The industry suspects that fear of a doll drought next year partly explains the boom. Another factor, says Ideal, is the deluge of real babies; some 50% more babies will be born in the U.S. in 1950 than were born in 1940.

• **Best Sellers**—For a good part of its current successful season, Ideal gives credit to its two current promotion items: the brand-new Blessed Event doll, the closest thing to a new-born baby to come on the market, and the Toni doll, with the hair its young owner can wash and play-wave.

These dolls come from a long line of Ideal hits. In 1902, Morris Michtom, founder of the company, made a small stuffed replica of Theodore Roosevelt's pet bear cub—and the Teddy Bear was on its way. Other Ideal standouts: the Shirley Temple; the Magic Skin doll, with the plastic head invented by Dr. Joseph Michtom (small picture, page 22), son of the founder; Betsy Wetsy; Sparkle Plenty, a doll idea taken right out of the comic strips.

• **Plastics**—Skill in plastics helped put Ideal out front. Its staff of 150 technicians for the plastic toy division has translated doll ideas into the new materials as they became available. Thus nylon proved the answer to the problem of the Toni doll's hair. A special glue holds the hair on through constant shampooing.

• **Push**—To launch a new doll takes a lot of sales push. Blessed Event salesgirls wear special badges, hand out chocolate cigars. Inside each box is a letter to "Dear Little Mother," and a special Blessed Event Lullaby, sung to the tune of "Rock-A-Bye Baby."

Writeoffs O.K.'d

NSRB expands fast tax writeoffs to include 18 steel companies. Amortization will run higher than J&L's 55%.

National Security Resources Board approved applications for fast tax writeoffs on part of $469-million of expansion by 18 steel companies last week. But neither NSRB nor the companies would say how much of the expansion was cleared for accelerated amortization.

Two things were certain, however: (1) The range of coverage that NSRB allowed was somewhat higher than the 55% previously approved for Jones & Laughlin Steel Corp.'s $144-million expansion (BW–Dec.9'50,p25). (2) None of the companies–not even "smalls" like Lone Star Steel Co. and Green River Steel Corp.–got writeoffs of 100% for their new facilities.

• **Not Backing Down**–It was clear that NSRB was sticking by its guns on amortization. It had warned that 100% writeoffs would be approved only for plants that had value solely for defense purposes and solely for the duration of the defense period.

And it also looked as if the steel industry, on second thought, was quite willing to settle for only partial writeoffs. J&L already had picked up its fast amortization certificate at NSRB, and the new group of companies was just waiting for the agency to make out its papers.

• **Provisions**–NSRB said the new steel facilities covered by the certificates will provide more than 5.5-million ingot tons, 2.5-million tons of coke capacity, and 2,750,000 tons of pig iron production, as well as finishing facilities. Also approved were partial writeoffs for three refractories companies for around $22-million worth of new plant. These were General Refractories Co., Harbison-Walker Refractories Co., and Mexico Refractories Co.

• **Others**–In addition to Lone Star and Green River, the steel firms given fast amortization certificates included:

Republic Steel Corp., on a $15,955,000 expansion program; Northwest Steel & Wire Co., on $14,507,000; Great Lakes Steel Corp., on $42,833,800; Youngstown Sheet & Tube Co., on $86,095,000; Crucible Steel Co. of America, $26,124,144; Armco Steel Corp., on $153,992,406; Sheffield Steel Corp., on $10,500,000; Connors Steel Co., on $1,286,970; West Virginia Steel & Mfg. Co., on $3,014,352; Empire Steel Co., on $9,550,000; Woodward Iron Co., on $4,500,000; Keystone Steel & Wire Co., on $1,500,000; National Steel Corp., Weirton Steel Division, on 7,078,425; McLouth Steel Corp., on $2,294,442, and Sharon Tube Co., on $2,333,532.

Lone Star's expansion program was valued at $73,425,200, and Green River Steel Corp.'s at $8,001,032.

New Electric Utility For H-Bomb Plant

Plans for the "second Oak Ridge" picked up steam this week.

The Atomic Energy Commission has stoutly refused to comment on the project, which is supposed to be a phase of the much-discussed hydrogen-bomb program. But word of a $65-million plan to supply the H-bomb factory with electricity got out early this week. Union Electric Co. of Missouri, in St. Louis, applied to the Missouri Public Service Commission for permission to buy 14,000 shares of $100 par value stock in the new electric powerplant.

• **Combine**–Five electric utilities formed a company called Electric Energy, Inc. Besides Union Electric, they are: Central Illinois Public Service Co. Illinois Power Co., Kentucky Utilities Co., and Middle South Utilities, Inc.

Between them the five will put up $3.5-million of their own. The other $61.5-million will be put up by two unnamed financial institutions.

Like AEC, Union Electric was mum on details of the new powerplant, which will supply some 500,000 kw. to the new atomic project. Union Electric expects–but isn't sure–that the five companies will hold all the stock. As to where Electric Energy will set up shop, all Union Electric will say is that it will probably be within 250 miles of St. Louis and "at or near the site of the atomic energy project." Northern Arkansas or Western Kentucky are the likeliest bets.

The power companies stressed that this is an urgent project; Morris Osborn, chairman of the Missouri Public Service Commission, said it would get a green light right away.

• **TVA Project**–Meanwhile, Tennessee Valley Authority was supposed to be asking a supplemental appropriation to set up new steam facilities in the western part of its system to meet the new atomic demands.



Laboratory Device–Twentieth-Century Size

It's a highway tunnel–in a manner of speaking. But though it's almost big enough for autos (note workman, lower right), it's actually a raceway for hydrogen atoms. This ring-shaped magnet, 110 ft. across, is the key part of the University of California's half-finished $9-million bevatron.

The big machine will whirl hydrogen ions up to a speed at which they have 30 times the energy of a splitting uranium atom–9-billion electron volts –fires them out at a target. To do that takes a magnet as heavy as a good-sized ship, 10,000 tons. But it looks worthwhile to the Atomic Energy Commission, which is financing the job, because particles with this much energy can do things that present accelerators, with energies of a few hundred million electron volts can't. It can create high-energy mesons in the laboratory, and these are probably the key to the nature of the binding force used in atomic bombs. It may even create new hydrogen atoms out of pure energy.

Headache No. 1

Materials shortage continues to head businessmen's worries. It's tough now, but it's going to get a lot worse.

Management men and Washington agreed on one point last week: Materials shortages are by far the biggest headache that the U.S. economy has.

This is nothing new. Last fall, BUSINESS WEEK's survey of what worries businessmen most (BW—Aug.26'50, p21) showed that materials were already the No. 1 problem. Last week's survey indicates that the headache has ballooned since then.

• **Scarce Items**—Things will get even more critical as the government continues to impose restrictions. But even at this stage, business is feeling a squeeze in a lengthening list of scarce materials. Among the things that are short are:

Steel pipe, copper, brass, lead, zinc, rubber, cotton linters, cable, aluminum, cement, brick, tin, nylon, rayon, glycerin, cobalt, nickel, cadmium, brimstone, cast iron.

Steel, of course, is the most critical.

• **No. 2**—In BUSINESS WEEK's last survey, manpower was second on the list. It still is. But the gap between it and worry No. 1 has increased considerably. In a way, the shortage of materials keeps the shortage of manpower from becoming more acute. Many plants can't continue full production, due to materials shortage, therefore have had to make a cutback in their labor force.

• **No. 3**—Rising costs and inflation come next on the worry list. The familiar spiral of wages and prices is under way again. One executive likens it "to a cat chasing its tail." Manufacturers are sending out warning that prices will be boosted early next year. But one warns: "If manufacturers fail to hold the price line, retailers will have to exert pressure for price controls to avoid having high wholesale prices that will force retailers to drive consumers out of the market by excessively high retail price levels."

• **No. 4**—There's something of a paradox in headache No. 4. With all their concern about shortages and inflation, many businessmen still worry because civilian sales aren't up to their earlier expectations. During the post-Korea panic buying, retailers loaded their shelves with practically any merchandise they could buy. Then Christmas shopping got off to a late start this year. Now some retailers are faced with a problem: how to get rid of their surplus stock without taking a loss. Consumers, they say, are in no financial mood for high-priced hoarding.



GENERAL MOTORS' Louis Goad moves up to take over the No. 3 spot.

• **No. 5**—The proposed excess-profits tax—and other taxes—run fifth. Most management men are resigned to higher taxes, but they want to know where they stand. Until they have some idea of how much they will be taxed, they can't plan their budgets, or figure on expansion or conversion. But most company executives feel they'll be able to take the rising taxes in their stride.

Another big worry in the tax picture is increasing personal taxes. Manufacturers fear that these will be so stiff that they will put a bad crimp in consumer buying.

• **No. 6**—Planning for government orders. Manufacturers are in a jam here. They've been cut back in materials for civilian use. But until they have some assurance that they'll get some war orders, they are reluctant to convert their plants to wartime production. Meanwhile, they're trying to take care of as many regular customers as possible.

• **Merry-Go-Round**—Just about all businessmen worry about the slowness of Washington to line up a positive program. They are ready for total mobilization if it comes. But in the meantime, they don't want to cut production because of indecision in Washington.

As one BUSINESS WEEK field man put it: "There's a current of suspicion among the men I've reached that incompetence in Washington and lack of effective leadership are hobbling the economy. Knowing these men fairly well, I'm not inclined to write off their present peeve as purely political grouchiness. It seems to go well beyond their known antipathy for a Democratic tenant in the White House. You get the impression that they feel like a football team whose coach gets them all pepped up to win a game, then omits to tell them whom they're to beat, what plays to use, and what the rules are."

Accent on Youth

Louis C. Goad, at 49, will become an executive vice-president of General Motors when M. E. Coyle retires on Jan. 1.

General Motors has just dipped into a lower age group to fill out its complement of executive vice-presidents. It lifted Louis C. Goad, not quite 50, to succeed M. E. Coyle, when the latter retires Jan. 1.

Coyle's departure is due to the company's automatic retirement-at-65 rule, which was set aside during World War II in order to keep older GM executives in service. It took GM until this year to get the retirement plan back on an automatic basis. Actually, M. E. Coyle is leaving the company several months before his 65th birthday, since the Jan. 1 plan fits his personal plans more satisfactorily.

• **Prospect**—His successor, Goad, at 49, has enough years ahead of him to make him one of the likeliest of prospects for the presidency of the biggest manufacturing company in America—when that spot becomes open. He has been figured a man of destiny by Detroit observers for a long time. Goad's rise has been very rapid since he built up the eastern aircraft division during World War II.

He became general manager of Buick-Olds-Pontiac in 1945 and general manager of Fisher Body a year later. In 1948 he scaled even higher to the assignment of group executive in charge of the company's body and assembly divisions.

The latest step up the ladder will make Goad the executive vice-president in charge of the car and truck group, the body and assembly divisions group, and the accessory group. That post is one of four at the executive vice-president level at GM.

• **Other Changes**—Coyle is vacating that job and one other. The second is direction of the passenger car and truck divisions. Harry J. Klingler, who has been general manager of Pontiac for the past 17 years, will become the top executive for the car and truck group, reporting to Goad.

There will be a lot of other personnel changes as a result of Coyle's retirement, with promotions made at many levels. Important shifts at the central staff level include the move of Sherrod E. Skinner, Olds general manager since 1940, to group executive in charge of accessory divisions; and the advancement of John F. Gordon to Goad's old job in charge of Fisher Body, Ternstedt hardware, and the B-O-P assembly division.

Mobilizing Raw Materials

Truman and Attlee agree on first steps toward controlling resources of Western world. It may take a year to work out details of program to control runaway prices and allocate supplies.

Last week, very late in the game, the Western world started mobilizing its raw materials for rearmament. Out of the Truman-Attlee talks came the first firm steps toward a combined raw-materials board.

That means that eventually national governments will be doing the buying and selling of most vital materials. But the problem is immensely complicated; it will take six months to a year to get the program rolling.

• **Conflicts**—For one thing, individual agreements will have to be worked out for each material. The conflicting interests of producing and buying countries will have to be adjusted.

On top of that, producers won't accept raw-materials controls unless price controls are also set up inside the several countries. Australia, for example, won't agree to a price ceiling on wool unless the U. S. in turn promises her fixed prices—and allocations—of the things she needs to buy from us. So the two programs, international materials controls and domestic price controls, will have to march side by side—or not march at all.

• **Stockpiling**—Raw materials must be controlled, or the prices will go through the roof. Already, they've reached fantastic levels for natural rubber and tin. Stockpiling—both government and private—is partly to blame. But long before Korea, world consumption was pushing production hard. Since then, arms programs have pushed up consumption, quite apart from stockpiling. Here are the figures on four vital materials for the six months before Korea (000 omitted):

	World Output	*World Use*	*U. S. Use*
Copper (tons)	1,160	1,135	615
Tin (tons)	86	61	34
Rubber (long tons)	820	785	363
Wool (lb.)	1,313,000	1,313,000	314,000

Since then, consumption has vastly outrun production, by how much it's impossible to say.

With this shortage—plus competitive bidding by Western governments, business, and even the Russians—runaway prices are a certainty. That's why Truman and Attlee were able to reach agreement on controls. Here's the general picture of what will follow:

• **Allocation**—A combined raw-materials board will fix prices, allocate supplies fairly among all users. That in itself is hugely complicated.

The consuming nations will pay dearly for the international agreements. In most cases—like tin, copper, wool—they'll probably have to agree to minimum prices as well as maximum, and to a guaranteed market for something like five years.

Negotiations in detail will take many months. The U. S. will have to protect essential exports by granting priorities to the raw-materials producers. And Congress will have to guarantee prices on essential imports.

• **Production**—There's one other way in which the U. S. can act to ease the situation. Export-Import Bank, ECA, and Point 4 funds will be used to increase production of raw materials, wherever this is possible.

On controls, commodity study groups are already functioning for wool, rubber, tin, cotton, wheat, and sugar. Copper, lead, and zinc may follow. But these groups have run afoul of the unwillingness of producers to give up an exceedingly good thing. That's why meetings of the tin and wool study groups recently broke up without results. The U. S. simply wouldn't meet the producers' demands.

• **Unwilling**—But the situation is different now. As late as a month ago, Britain was unwilling to check her profitable markets. What changed her mind was the fact that the U. S. was able to do the lion's share of the buying in a skyrocketing market. British factories ran alarmingly short on raw materials.

Now there seems little doubt that the rest of the Western world will fall into line. But months of intensive haggling lie ahead before anything concrete is achieved. And the best that the governments can hope for is to freeze prices at their present lofty level. There doesn't seem to be much chance of driving them down.

Ohio Belt Line Revives

Mobilization has breathed new life into the fight for Ohio's 130-mile belt conveyor (BW—Feb.12'49,p45).

Two years ago the rubber railroad, which would carry coal and ore between the Ohio River and Lake Erie, lost out in the state legislature. Now a bill for it will come up again. And it promises to be one of the hottest issues of the next session.

All fall long, the big railroads, have been stumping the luncheon circuit making speeches against any revival of the plan. Talking for the belt has been the Akron, Canton & Youngstown R.R., one of its principal backers. Labor and some manufacturers have also been rounding up support.

When the bill is re-introduced, it seems likely that there will be some changes in plans. One of them may involve a direct linkup of Youngstown, Cleveland, and Lorain, rather than use of spur lines. Another may be that the belt will go below ground—in order to save steel and make it safe from bomb threats.

Gas Problem Solved, Kansas City Gets Ford

City meets plant. City loses plant—almost. City gets plant. That's the Hollywoodish history of relations between Kansas City and Ford Motor Co.

Early in September, Ford announced plans to build a $30-billion assembly plant in Clay County, Mo., northeast of Kansas City. Preliminary plans went along fine until the question of natural-gas supply came up. There was no pipeline to the plant site. And two companies badly wanted to build one.

• **Suitors**—One was Central West Utilities Co., which serves neighboring parts of Clay County. Its trouble was it didn't have enough gas. It buys its gas from Panhandle Eastern Pipeline Co. Panhandle is having trouble getting enough gas for its customers east to Detroit, so it wasn't much interested in Central West's plea for more.

The other was Gas Service Co., subsidiary of Cities Service, which serves Kansas City proper. It said it could get all the gas it wanted through Cities Service lines. But its pipeline to the plant site would have to pass through Central West's service area. And Central West wouldn't have it. Central West countered by asking the Federal Power Commission to order Gas Service to sell it the needed gas.

• **"Make Up Your Minds"**—The squabble dragged on until Ford got mad. "We don't care who sells us gas," Ford said in effect, "but you'd better make up your minds—and quick—or we'll go elsewhere." It set a Dec. 28 deadline.

The city fathers, alarmed, stepped into the picture. So did the Chamber of Commerce. Last week the combatants reached a compromise. Gas Service will build the line and serve the new plant. In return, it agrees to negotiate in good faith to acquire Central West's Clay County properties, either by purchase or in exchange for some of its own properties in nearby Kansas.

The Ford plant stays in Kansas City.



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SINCLAIR—*A Great Name in Oil*

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LOOK FOR THE YELLOW TRIANGLE ON THE REEL

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PACIFIC COAST DISTRIBUTOR—The California Wire Cloth Corporation, Oakland 6, California

BUSINESS BRIEFS

Cuts in natural rubber use—11% for January, 22% for February from this month—were made official. NPA, however, will allow manufacturers to substitute with added synthetic. Also ordered: continued minimum production of camelback—the material used in recapping tires.

•

A $1-billion expansion over the next three years was announced by Ford. The money will go into new plant, fixtures, and tools.

•

Price fixing on natural gas was upheld by the Supreme Court. The case involved Oklahoma's power to set minimum wellhead prices in the Guymon-Hugoton natural-gas field.

•

Hotel business continues strong. Horwath & Horwath, industry accountants, figure total sales for October were 7% ahead of a year ago. For 1950 as a whole, sales are up 1%.

•

Construction's biggest week: Engineering News-Record reports contract awards for heavy construction set a new high of $485-million last week. A $260-million outlay on the new hydrogen-bomb project in South Carolina made up the biggest slug of the total.

•

Retailer's biggest day: Macy's Herald Square store in New York had it on Dec. 7 when it racked up sales of $1.5-million. The total topped all marks for sales of any store under one roof.

•

PanAm finally won an O.K. from the French to fly into Paris in competition with TWA. The carrier got U.S. approval for the route when TWA got a go-ahead to serve PanAm's cities, London and Frankfurt. TWA has been making its flights since Sept. 30.

•

A 16-rpm record will be on the market soon, Zenith Radio says. The disc, which will play for two hours, will carry recordings of books. There'll be no music; the fidelity isn't there.

•

Ads are being rationed in Rochester, N. Y., by the Gannett newspapers. A shortage of newsprint has the dailies asking regular advertisers to cut back 5% to 10%.

•

A wartime production pool was revived by Northern Kentucky industry. Set up through chambers of commerce, it operates as a clearinghouse for information on production facilities. Some of its jobs: helping companies make joint bids for defense work, keeping tabs on idle subcontracting space.

ARRIVING 5:27

LOVE MARY



Chances are Mary and her family will arrive on schedule. You and she may not realize it, but Raybestos-Manhattan supplies many of the parts which keep trains running smoothly and on time.

R/M makes blocks for the most advanced railroad brake, the new type that does away with the old metal shoe. Other railroad products include braided tubing for oil lines; asbestos tapes for thermal insulation; rubber hose that carries water from tank to boiler—and steam to heat cars; asbestos packings for steam lines; air brake hose gaskets; rubber-backed bearings; flat and V-belts for generators; and rubber hose of many different types for general maintenance purposes.

One of the most interesting of R/M's highly specialized developments is a railroad diesel engine part made of the astounding new silicone rubber. Exposed to oil, air, and water, such parts in the past never could be counted on for long service. And it often was a costly one-week job to replace them. The R/M part will last with certainty until the normal half-million-mile overhaul period.

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EXECUTIVE OPINION



". . . Rightly or wrongly . . . an indication that the government is really sincere in its effort to get equality of sacrifice . . ."

TAX EXPERT ROY BLOUGH SUMS UP:

Argument for Excess-Profits Tax

Dr. Roy Blough is not only one of the three members of the President's Council of Economic Advisers. He is also one of the government's top men on taxes. During World War II, he served as tax expert in the Treasury Dept. At present he is on leave as professor of economics at the University of Chicago.

To get a summary of the reasoning behind the Administration's proposal for a corporate excess-profits tax, BUSINESS WEEK asked Dr. Blough to go over his thinking in front of the electronic recorder:

BW: Do you think we need an excess-profits tax at this time?

BLOUGH: Well, what problems do we face? First, revenue. We have to raise a lot. Corporate profits have been large, and there is very good reason for trying to get a substantial amount of that revenue out of corporate profits. Then the question is, how should we get it out of corporate profits?

BW: And you would say we should get it by means of an excess-profits tax?

BLOUGH: Supporters of the excess-profits tax that has passed the House of Representatives and is now before the Senate would say, in effect, that the government should take this additional revenue—$3-billion to $4-billion—from those corporations that combine (1) at least a fairly good rate of return on investment, and (2) a relatively good profit experience in the defense period as compared with the predefense period.

On the other side, there are two things against it. One is that the excess-profits tax applies to only part of the profits, it has to be imposed at a higher rate than would be necessary to get the same revenue from a tax on all profits. And, of course, since this higher rate is on the marginal increment of profit, it will tend to reduce the incentives to expand business. Also, it is likely to make people careless about efficiency and rising costs, and so on.

BW: That's one objection. What is the other?

BLOUGH: The second big complaint against the excess-profits tax—and there is some reason to complain—is that it is not possible really to measure which profits are normal and which profits are



Card design © American Greeting Publishers, Inc., Cleveland, Ohio

High Vacuum

is styling Christmas cards this season

• If you see a metallic glint on St: Nick's whiskers this Christmas, the effect probably comes from a wonderful basic new material—cellulose acetate coated with a thin deposit of metal. Variations of it are stimulating both the ingenuity and the sales of fabricators who want an expensive look at low cost.

In this particular case, Santa's whiskers are die-cut from sheeting aluminized in long rolls under high vacuum. The same process, applied to one or both sides, is responsible for the metallic gleam of many materials for packaging, interior decoration, merchandising displays—even sequins to suit the whims of fashion.

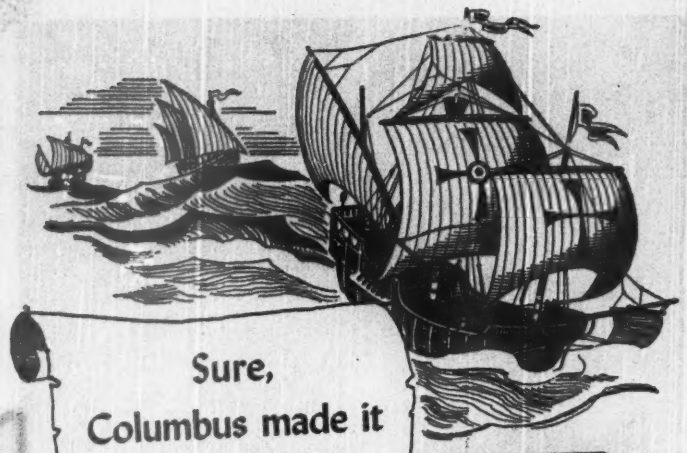
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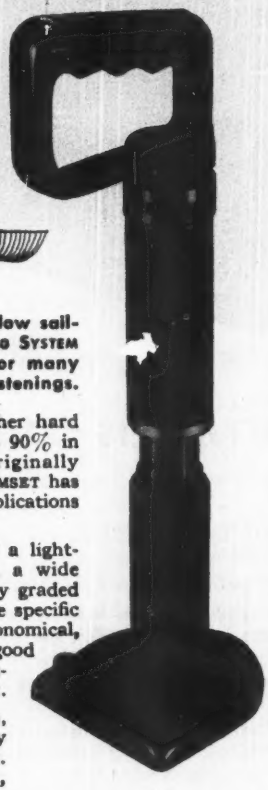
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"All right, so we have to get their cooperation. . . ."

excess. The word excess itself has a semantic flavor . . .

BW: That's a political word, isn't it?

BLOUGH: It might be called a political word. It is not a particularly good word because it suggests that the profits that the bill now before Congress would tax are all excess in a moral sense. Some of these profits are notoriously excess in that sense, but certainly not all. I think most of these profits, however, are probably excess in the economic sense—in that they are the least important to the functioning of the economy. But emphasis on the moral connotations is perhaps a mistake.

BW: Is it possible to write an excess-profits-tax law that would really take care of the problem of growth companies?

BLOUGH: It would be possible to write such a law, but I would not . . .

BW: Impossible to administer?

BLOUGH: I would not think so. But I would not think it a necessarily desirable thing to do. Now what would you have to do in that case? You might say, well, we will allow each corporation that shows signs of growth, which you could list in the law, this sign of growth, that sign of growth . . . We'll take all those corporations, and we will give them the average credit, not the average earnings during the defense period, but the average credit for the industry as a whole. Thus they will be permitted to earn as much as the other concerns in the industry are permitted to earn.

BW: But suppose you have a growth industry?

BLOUGH: The whole industry is growing?

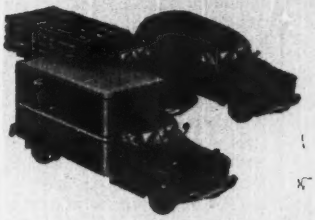
BW: Television, for example?

BLOUGH: Well, I don't know of any way to approach that except through . . .

BW: An average credit for all industry?

BLOUGH: You can't do that, because you'd need a higher credit in the

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case of a growth industry. But how much higher? I don't see any way to tell. What you can do is keep your rates moderately low and allow a fairly generous return on capital. Now, you might set up an administrative board to make the determination—but it would be an economic determination, and economists don't know that much, and I wouldn't like to have the administration of taxes degraded. I am afraid it would be degraded under those circumstances.

BW: Don't you also edge into an area in which you are, in effect, setting profit limits?

BLOUGH: Well, that's right—to some extent. The government in that case would be tending to say that some industries ought to get high profit, just because they did get high profits, or just because some bureaucrat who probably came out of the industry, incidentally, and is not a real genuine dyed-in-the-wool bureaucrat—because some bureaucrat said that the industry should.

BW: So you don't think the excess-profits tax should make special provisions for growth companies?

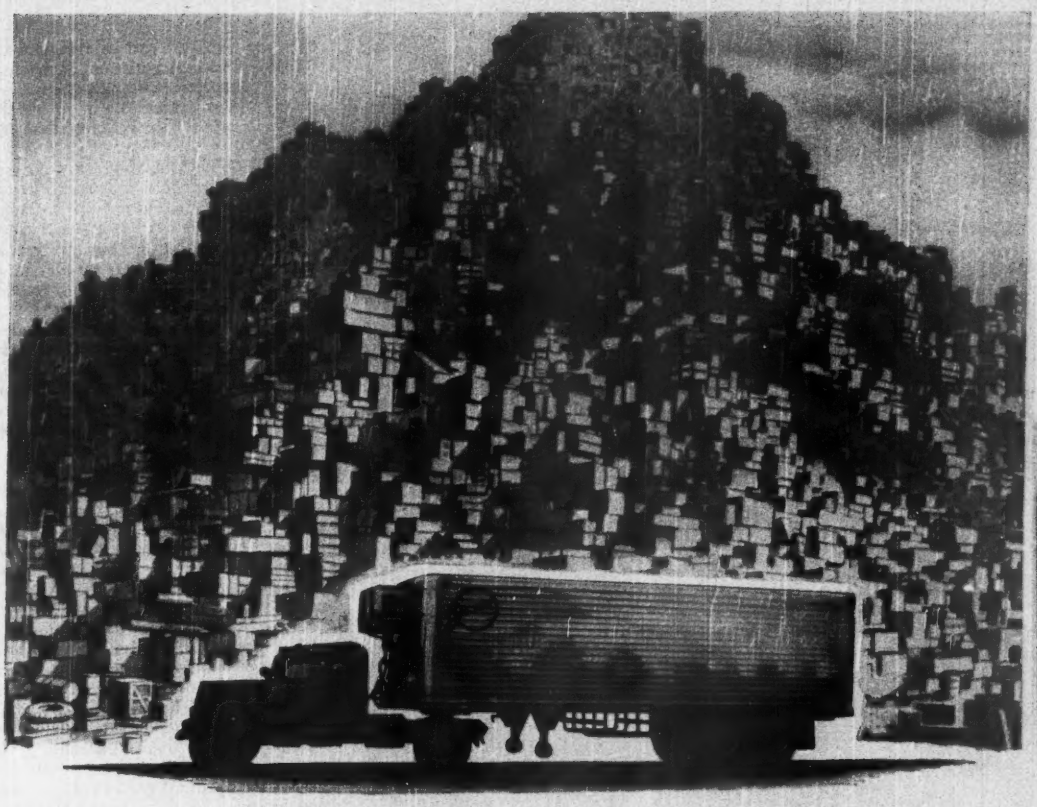
BLOUGH: Those things are very hard to do. But a lot would be done in the current bill. Carryovers, for example. A generous capital allowance. A minimum credit. And not imposing too high a rate.

Of course, it is very easy to show by arguing specific cases that it's impossible to have a really good excess-profits tax. And I think I am able to do that as well as the next one. That's not the question. The question is, when you try to take all the factors into account, what do you do? And I haven't mentioned the one factor that I think is of a positive character and points to the necessity for this tax.

BW: What is that?

BLOUGH: In order to keep the economy producing war materiel, in order to get some expansion in capacity in those industries that need expansion, we are going to have to keep consumers at a fairly low level of consumption. And you will have to keep wages and other incomes on a fairly even keel because otherwise you get the inflationary spiral working up and up. Now that means a whole lot of restraint on the part of your workers.

All right, so we have to get their cooperation. One of the ways you get it is to make them see that they are not being asked to bear the sacrifices of this effort while corporations are being permitted to earn higher and higher profits. And to my way of thinking the excess-profits tax, rightly or wrongly, has to come to mean, for the public in general, an indication that the government is really sincere in its effort to get equality of sacrifice and to see that



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everyone bears his part of the burden.

BW: With renegotiation of defense contracts and price control of consumer goods, where is there a gap to permit the businessman to make more than his share?

BLOUGH: Well, if there is no gap there is no tax. We had renegotiation and price controls during the last war, and there was a very large yield from the excess-profits tax. Now the gap is essentially this: As far as renegotiation is concerned, it works only with respect to the fellows who have a contract or subcontract. But even in renegotiated industries, there was a substantial amount of excess-profits tax because the renegotiator did not approach this problem in the same way the tax law does. He was thinking of profit margins in terms of sales and, so on.

BW: What about price controls?

BLOUGH: The question is, would it be enough to control the profits of your retailer through price controls? Well, I'm saying—I don't answer that question yes or no. I don't want you to lead me into endorsing price controls as a desirable thing. But I say even if you put them on, different retailers are so differently affected, as far as price control is concerned, that your price control leaves great gaps.

I should say that as a matter of fact price controls would make the excess-profits tax even more important. This governmental regimentation would virtually take out of the hands of your businessman one big factor controlling the profit he'll make—setting prices.

BW: You don't mean freeze large profits into the whole structure?

BLOUGH: You freeze profits in, you freeze losses in, and having frozen them in, if you do nothing about it, you haven't treated your industry in a very . . .

BW: Well, Sen. Milliken put it the other way around in talking with Secretary Snyder. He said—once you get the excess-profits tax, don't you have to hurry up and put in price controls?

BLOUGH: Was he speaking of inefficiency, free spending, and so forth? Well I find myself unable to give much credence to that argument. The question you ask really suggests that the excess-profits tax is an inflationary measure. I'm not willing to accept that. It is true that there is some undetermined tendency to inefficiency. But I think on balance that the fact that the corporate tax is less likely to be shifted forward in prices, when we have an excess-profits tax, generally would be a factor to offset the inflationary effect of a high marginal corporate rate.

BW: What makes you think it won't be shifted?

BLOUGH: The theory of tax shifting is something like this: The more uniform the tax in relation to the price



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of the product, the more easily it is shifted. A sales tax, which is uniform is, for that reason, likely to be shifted. When you come to the excess-profits tax, the difference between the ratio of taxes to sales between one corporation and another may be so great that shifting isn't possible at all.

BW: Secretary Snyder has warned that, even if he gets his excess-profits tax, he's not satisfied; he will be back next year. What kind of tax program ought we to have next year?

BLOUGH: Suppose the excess-profits tax is passed. Then by fiscal 1952 I think we should get—from all taxes—well over $50-billion as incomes rise. But we still will have almost certain deficits to deal with.

BW: How much more do you think we could raise taxes?

BLOUGH: During the last war, in fiscal 1945, we collected federal taxes amounting to between 24% and 25% of the national income of the previous calendar year. Now taking the national income at the rate it is running and applying that same percentage, you would get somewhere in the neighborhood of $58-billion to $59-billion.

BW: Wasn't it felt during the last war that we were nearly approaching the limit?

BLOUGH: No. I think that most people would now agree that on the average—though there are some rate brackets where we may have—that on the average we did not approach closely to the economic limit. I would think that there is another $10- or $15-billion beyond that $58- to $59-billion that can be gotten without too serious a danger of hitting the economic limit.

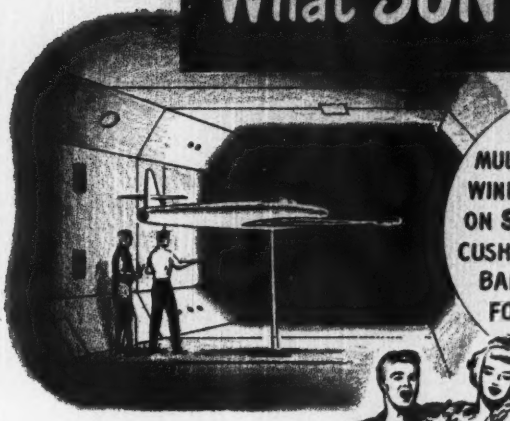
BW: Where would you say the limit is?

BLOUGH: I like to think there are three ceilings, three upper limits: one an economic upper limit, which is the point where the effect of additional taxes on production is so restrictive that you are not willing to go further. In the second place, there is a psychological upper limit at which the public would rather dream than pay— that is they would rather dream that somehow or other it would be possible to escape the extra burden.

BW: Then you have a third ceiling?

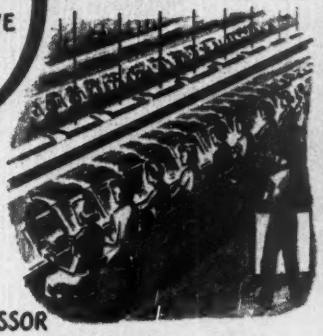
BLOUGH: Now there is the third ceiling. It is the political ceiling that the Congress, having to be reelected every two years, is unwilling to exceed. In my own thinking the economic ceiling is the top one, the psychological ceiling the middle one, the political ceiling the lowest one. I may be mistaken about that, but if it is true, then we don't need to be too afraid that we will exceed the economic limit on the average, although in some brackets we may.

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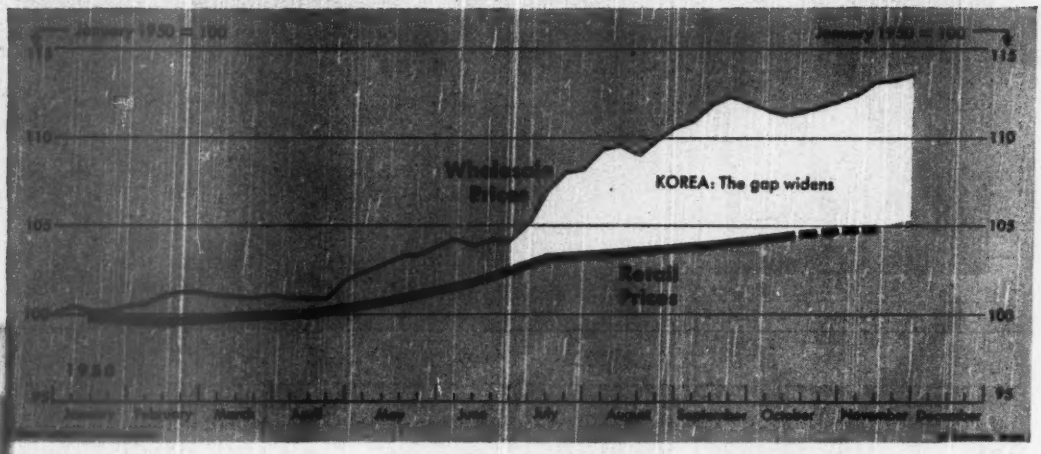
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USS **Carilloy Steels**

ELECTRIC FURNACE OR OPEN HEARTH — COMPLETE PRODUCTION FACILITIES IN CHICAGO AND PITTSBURGH

UNITED STATES STEEL

MARKETING



Retail Price Rises Lag Far Behind Wholesale

When the gap starts to narrow, look out. Result will be either controls or intense pressure on wages to cover living costs.

Take a look at the chart above. Retail prices are falling behind in their chase after soaring wholesale prices.

It can't go on that way. The gap has got to narrow; when it does, there will be some very tough problems for a lot of people.

• If you're a big manufacturer, you'll be hit by the effects on your workers of rising living costs. Unions will build up heavy pressure for higher wages.

• If you're a retailer, there's a double squeeze: (1) Higher prices will harden sales resistance, and (2) price controls, if they come before retail prices catch up with wholesale, will wipe out your profit margin.

• If you're a government price fixer, you'll be treading on eggshells. It will be fatally easy to set up a price-control system with enough built-in inequities to send a lot of merchants to the wall.

Consumer prices have already had a sharp rise since Korea. But that's nothing to the next big wave of increases now on its way through the distribution pipeline. When that wave hits, the price gap will begin to narrow.

• **Half Way**—Marketing economists figure that so far retail prices have been able to make up only half the ground gained by wholesale prices over the last half year. The dislocation between retail and raw-material prices is even greater. Retail prices to date have made up only about a third of the increases chalked up by raw materials.

Of course, retail prices never bear any exact arithmetical relation to wholesale prices. Much of the retailers' cost comes in labor and overhead, unrelated to wholesale prices. However, all costs—including labor and overhead—are rising now; that means that retail prices will tend to cling to the coattails of wholesale rates.

• **Controls**—It's still problematical whether the new wave of price increases will ever hit retail counters with full force. Price controls may choke off the wave before it gets there. But price controls would be very hard to write in the present era of dislocations; inequities could play havoc with merchants. That's why the Administration talked of waiting until prices are in "equilibrium" before applying controls.

It's certain that retail prices will rise at a steadily accelerating clip, until and unless controls arrive. Whereas wholesale prices start out fast, then slow up, retail prices begin slowly and then gain momentum.

This is a familiar story. After Pearl Harbor, retail prices followed just this pattern. After a slow start, they picked up enough speed so that by the time controls arrived five months later they had actually passed wholesale prices.

• **Quick Boosts**—Today you are getting a repetition of the story. Retail prices are now building up real steam. Note, for example, what happened last week when price chief DiSalle asked business to use "self-restraint" in prices. Immediately, a rash of price increases broke out—in cars, carpets, eggs, soft drinks, shortening, soap powders, and other items. Many of these increases will show up immediately at retail. Others lit time fuses.

An added factor prods the price speedup. It's fear of controls. A lot of companies want to get theirs before the freeze hits. The government can beat this, as it did last time, by rolling prices back a few months. But when you do that, you are likely to land back in a period—like the present—when price relationships are out of line.

I. Some Are Faster

Of course, the out-of-line margin varies greatly with different types of goods. In the case of food, retail increases have kept fairly well abreast of wholesale. There are two chief reasons for this. First, food is a quick turnover item. Retailers don't carry big inventories. They buy what they need at the going price, tack on their markup. Second, food prices react quickly because of the highly competitive nature of the business. Grocers are in the habit of playing their prices to meet those of the shop down the street.

• **Hard Goods**—Appliances, cars, house furnishings, and other hard goods also react fairly rapidly. Retail prices in this category have gained about 7.7% as against an 11.4% gain at wholesale. In this case, it's the manufacturer who



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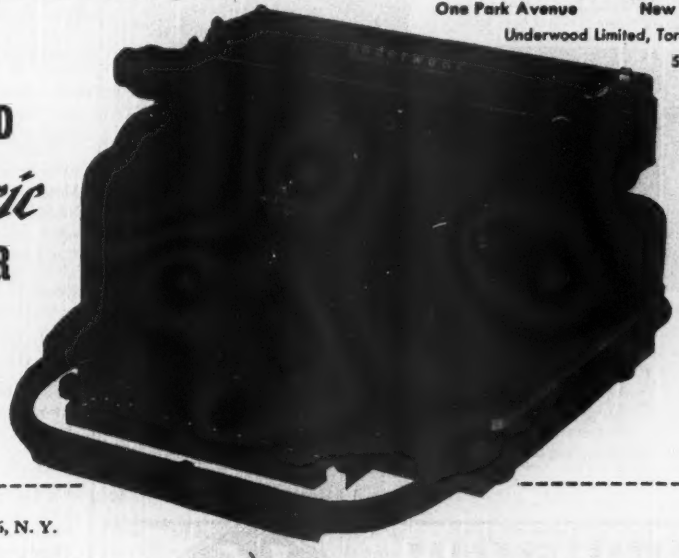
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calls the turn with his suggested list prices. He can and does pass along increased costs pretty quickly.

The dealer reflects these increases immediately—except where he can't unload his inventory. This is what happened recently in TV sets, when manufacturers' price increases didn't show up at retail because dealers simply had to cut prices to get any business (BW—Nov.18'50,p84).

• **Soft Goods**—But in dry goods, clothing, leathers, and other soft goods, you generally get a long lag between retail and wholesale prices on the upswing. And it's here that the real distortions now appear.

Department store people usually figure that their retail prices lag about three months behind wholesale changes. The size of inventories together with the slow turnover as compared to foodstores provides a price cushion. There were cases during the heat of the post-Korea scare buying when some stores upped such items as nylon hosiery. But almost universally, they followed the traditional practice of working through their old inventories at the old prices.

• **Big Inventories**—This time, however, merchants point out that the price lag has been stretched beyond normal. They lay this to the fact that so many stores bought their heads off after Korea (BW—Aug.19'50,p60). Because inventories are larger than usual, it is taking longer—perhaps twice as long—for price increases to have their full effect.

The lag appears to be greatest in those goods where raw materials are the biggest price factor—sheets, pillowcases, towels, and other nonstyle items. Manufacturers carry large inventories of cotton. Stores also carry large inventories and stock up with more when they think a price rise is in the offing.

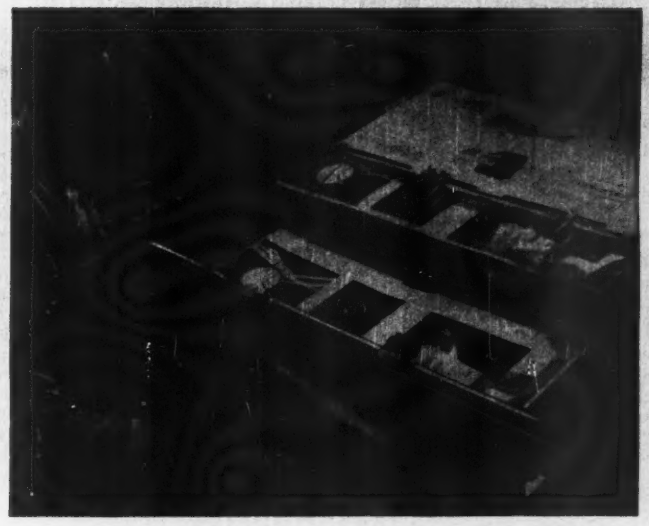
Take ordinary muslin sheets that were retailing for $1.77 or $1.99 pre-Korea. The wholesale price was about $1.50. Then cotton prices rose out of sight, mills began to up their prices, until today a merchandiser has to pay about $2.17 for the same sheet. This would put the retail price at about $2.59 or more. But retailers have had to shave their markup to compete with stores that still have older sheets on hand and are selling them for the old $1.99.

• **Running Out**—Now, as stocks begin to run out, the new price is taking hold. Eventually, prices will go up beyond $2.59.

Men's clothing has been even slower to react. Here you have an added cushioning factor: Manufacturers buy their materials way ahead because merchants place their commitments so far ahead. The clothes you buy today are pre-Korea. Clothes of the more expensive wools will begin to turn up at higher prices in a few weeks or months. But it may take a year or more to feel

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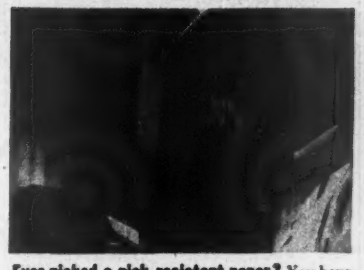
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• **Further Information**—Guided Pallet Data sheets, giving technical information, and typical application photographs may be obtained by writing to The Rapids-Standard Company, Inc., 336 Rapistan Bldg., Grand Rapids, Mich.

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the full effect of vaulting post-Korea wool prices.

Other factors help make the situation in soft goods extremely complex. In some lines of women's clothes, slow retail sales have created slight price recessions at wholesale. Yet the goods coming out now will sell for higher and higher prices.

• **Comparison**—Though there is no precise relationship between the two, a comparison of wholesale textile prices with retail apparel prices will give you a rough idea of how things stand. Textile prices at wholesale have risen 19.7% since Korea; retail apparel prices are up only about 4.4%.

With price relationships so far out of joint, retailers shudder at the thought of a general price freeze. They would far prefer, and are now going to bat for, the so-called historical markup type of control, which appeared in the latter stages of World War II. Under this type of order, instead of getting an over-all freeze as of a certain date, merchants are allowed to mark up goods in accordance with their practice over several years' time.

This, they think, avoids the inequities that would result if they were to be caught with retail prices that hadn't yet lined up with wholesale. It would also preclude another bitter experience some merchants had in the early stages of World War II. There were merchants who went along wholeheartedly with hold-the-price-line drives. They did—then found themselves frozen with a retail price well below their less patriotic competitors.

U.S. Decentralizes To Shop Locally

General Services Administration, chief federal procurement bureau, has talked about decentralizing its buying to give local suppliers a better crack at government purchases (BW—May27'50,p58). Now it is taking the first steps towards doing business on a local basis.

After Jan. 1, GSA will let its New York and Chicago regional offices buy 17 classes of store items. Previously, only Washington headquarters contracted with suppliers for items to be delivered to the 12 GSA supply centers.

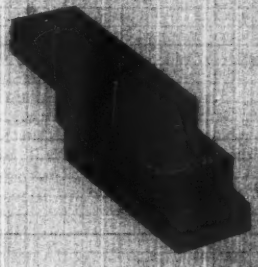
GSA says the move will mean greater economy, since purchasing will be done closer to sources of supply and use. It will also help small business.

To assist local manufacturers—particularly smaller firms—GSA's regional offices will supply all the necessary forms for bidding, as well as taking care of receiving and opening bids for their region.

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Supers Stymied

Emergency calls halt to plans of grocery chains and independents to build more big centralized supermarkets.

It looks as though the current emergency is going to stop supermarket expansion dead in its tracks. This is the second time in less than a decade that world conditions have halted this major trend in grocery retailing. Once again grocers will have to forget expansion, turn to the more immediate and pressing worries of manpower shortages, food prices, and government controls.

• **15% Drop** — Already post-Korea troubles have put a crimp in supermarket building. Last week at its mid-year meeting in Houston, the Super Market Institute learned that construction of new supermarkets is off about 15% from the plans announced by retailers a year ago. The conferees figured that building curbs, together with manpower shortages, will pretty much make the building boom a dead letter.

A survey of grocery-chain building programs bears out the organization's pessimistic view. American Stores, for example, says that it will build some new supers next year but admits that because of present conditions its plans are "indefinite." First National Stores has some commitments for supermarket expansion but says that it is "going forward cautiously." Kroger says that new building "now depends on conditions in various localities."

• **One Last Burst**—Before the freeze began to settle down, supermarket construction in the U. S. hit one final burst of speed. The Super Market Institute reports that during 1950 expansion will turn in its best record since 1947.

All told, supermarket construction will come to more than $230-million, according to the institute. The new supers built during the year will account for 13% of all supers in the U. S. Along with this there has been a big volume of remodeling of older stores.

These figures follow naturally the trend of the past two decades. In this period the big, self-service supermarket has made a deep impression on the face of grocery retailing. Every chain has had a long-range program of replacing its older, smaller stores with fewer, larger supermarkets that do a much greater volume of business per store than the replaced outlets (BW—Nov.26'49,p36).

A&P offers the classic example of this trend. While it cut back the

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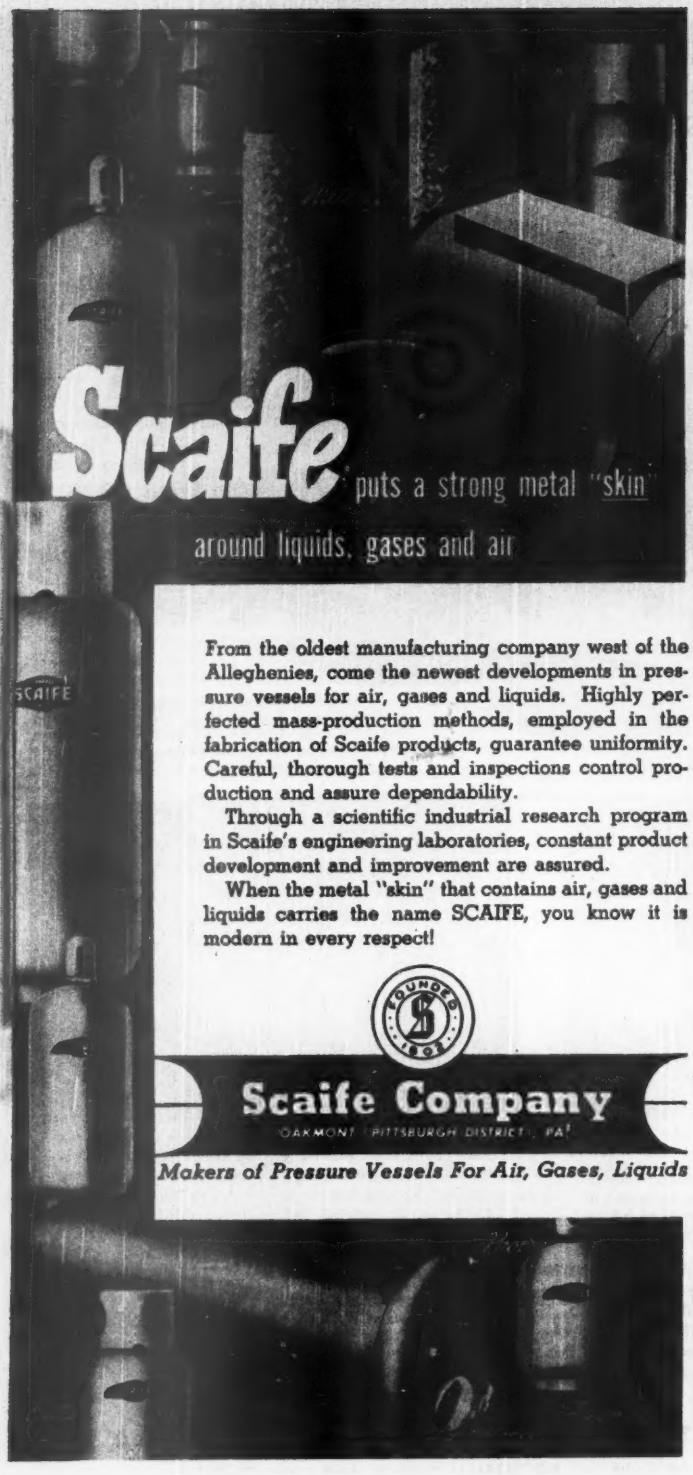
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number of its outlets from nearly 16,000 to about 5,000 between 1930 and 1948, the average annual dollar sales of its stores increased from well under $100,000 to more than $500,000.

• **Major Factor**—The independents have done the same thing. The combined impact of these drives has made supermarkets a major factor in the business, despite their scanty numbers. By 1948 there were 11,900 supers, which represented only 3% of total grocery stores. But this handful of stores did 29% of total retail volume.

Had it not been for the current world crisis, you could have looked for a continued improvement in the supers' percentage. Safeway offers a good example of how expansion plans will be crimped.

Early this year Safeway announced a $300-million, five-year construction program. At the end of that time it planned to wind up with 1,000 new stores of the supermarket type.

• **Land Sites**—During 1950 Safeway completed 175 new stores, acquired an additional 150-odd land sites. Having accomplished this much, the chain now finds its program nipped in the bud. It plans to finish the 150-odd new stores that it is now working on. But after that the company doesn't know. Spokesmen for the chain will only say that it will try to build "as many new stores as possible."

Safeway's recent experiences also suggest that, were supermarket expansion to go forward, grocers might have to do some elaborate refiguring. At the outset of its program, Safeway planned to spend on an average of $135,000 on each new store. But today the chain has raised the ante to $250,000. In part that's due to the fact that Safeway has decided to build bigger outlets. But it's also due to sharply increased costs.

• **Voluntary Chain**—An exception in the current situation is Red & White, the big wholesaler-sponsored voluntary chain. It has just announced a program for 1951 to add 200 new supers at a cost of about $12-million. Red & White admits that it launched the program, "despite possible shortages."

There is a chance, however, that Red & White may have more success than you might expect. For the program is only in part a new-construction program. Red & White wholesalers are planning to bring new, already-established independent supermarket operators into the chain. (Now there are 119 independent wholesalers in the organization, serving 8,500 independent grocers who operate under the Red & White name.)

• **Other Worries**—But, on the whole, grocers are far more concerned with new difficulties than with expansion. At the Super Market Institute's conven-



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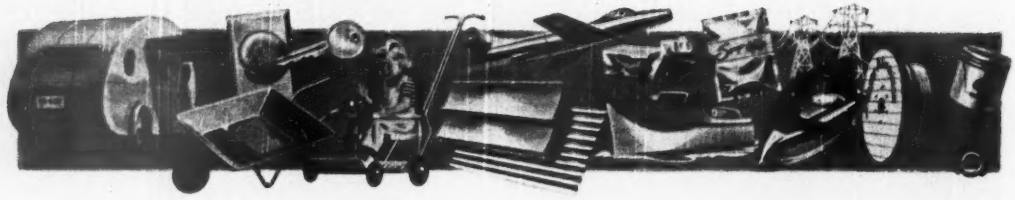
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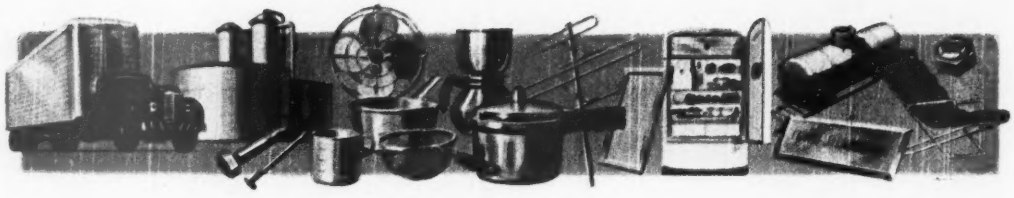
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tion, these major worries held the stage:

• Loss of manpower. The grocers anticipate a 15% shortage of personnel because of the draft and "the lure of war industries."

• Price controls. Spokesmen for the grocers figured that price controls are inevitable because, as one said, higher prices in food "are coming, and retailers cannot help it."

• Self-service. One hot session on the agenda delt with the question: "Should meat rationing eventualize and should the shortage of wrapping supplies continue, will operators have to convert back to service meat supplies?"



DRESS (right) started as a slip. But accessories made it a dress, showing how a . . .

Shift Licks Shortages

Strange things can happen to manufacturers when there's a shortage of materials. Take DeGarcy, Inc., of New York City. Originally, the company specialized in fine lingerie. Because it could no longer buy enough nylon tricot, DeGarcy is now in the dress business.

To keep workers and machines busy, DeGarcy decided to turn out slips made of wool jersey. Wool jersey can be sewn in the nylon-tricot machines.

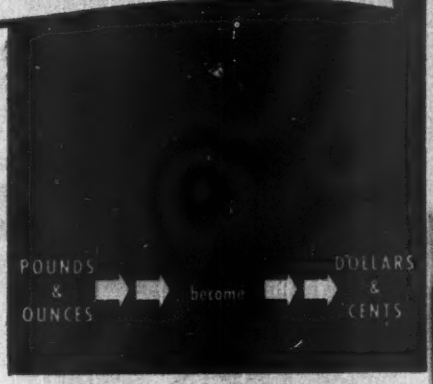
But Lord & Taylor, New York department store, took one look and came up with a better idea. It added a fancy belt, sells the slip as the fashionable sheath dress. And it's plugging accessories like those at left in the picture above—overskirts, scarves, flowers.

DeGarcy's fast footwork has paid off. It has already sold a sizable order of garments to Lord & Taylor, is readying additional orders. And it's thinking of adding a silk shantung slip to its summer line.

CONTROL COSTS

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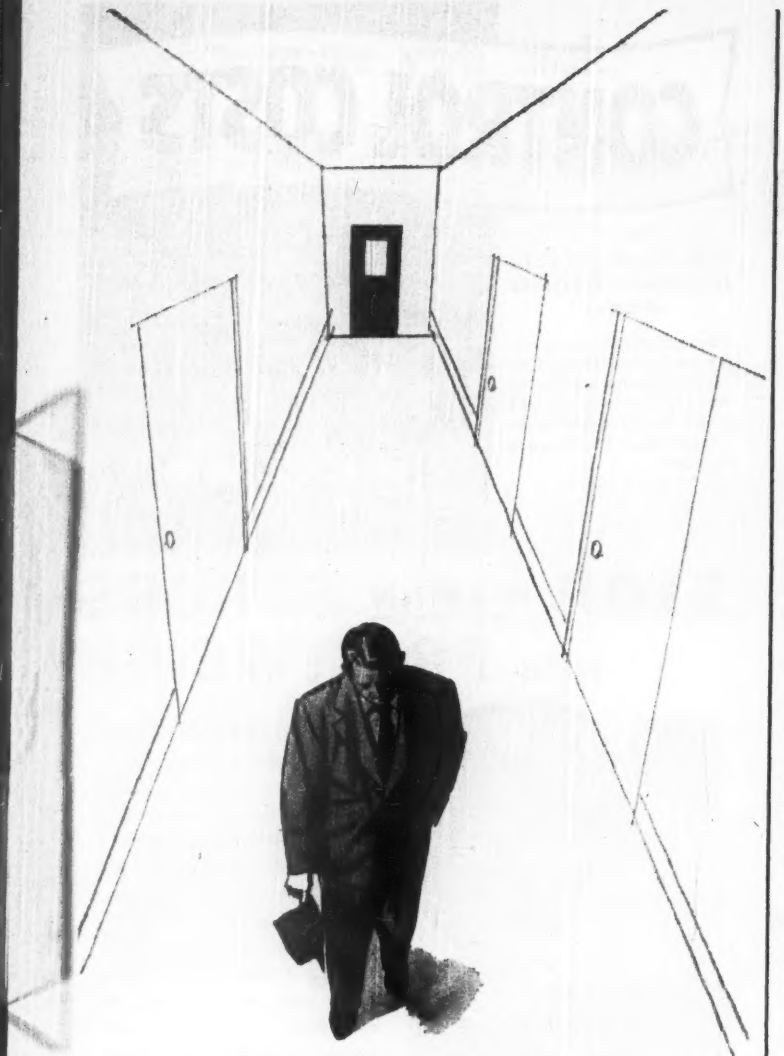
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TAKE IT TO TAFT-PEIRCE

MARKETING BRIEFS

Nylon sales zoom: National Assn. of Hosiery Manufacturers says the industry shipped 42,842,600 dozen pairs of all-nylon women's hose in the first 10 months of 1950. In the same period last year, it shipped 36,538,535 dozen pairs.

•

Flood of Japanese tuna caused Van Camp Sea Food Co., Inc., to restrict fishing operations for "an indefinite period." Foreign tuna and bonita imports this year will be 1,500,000 cases, Gilbert C. Van Camp says. Reason: Duty on foreign fish will be hiked Jan. 1.

•

Warning: Next year, chances are one in 25 that something will be stolen from your car or light truck, according to Spencer Ettman, president of Lincoln Alarm Engineering Co. Thefts from ½- to 1½-ton trucks have increased 710% since 1940, pushing costs of burglary insurance up (BW—Jul.8'50,p25).

•

Mammoth drugstore opened in Philadelphia. Sun Ray—"World's Most Complete Drugstore"—has 38 departments. Variety basement carries everything from hardware, radios, and white goods, to notions, toys, phonograph records. Sells drugs, too.

•

Gulf is still expanding—this time in Michigan (BW—Nov.25'50,p78). It bought all physical assets—including 85 service stations and five bulk plants—of the Standard Oil Co. (Ohio) subsidiary Sohio-Fleetwing, Inc.

•

Home-furnishings sales volume in New York dropped 25.3% in November from same month last year. Associated Furniture Dealers of New York blames credit curbs.

•

Electric shavers are 20 years old this year. Schick, which started the whole thing, says that 20% of the 54-million men who shave now use electric shavers.

•

Store expansion: Butler Bros. will build four new department stores in the Los Angeles area at a cost of $4.5-million. . . . Aldens, Ind., Chicago mail order chain, opened a retail department store in Bedford, Ind. The chain also introduced its telephone-order-office service in nine more city areas, plans to add it in 54 major cities in early 1951.

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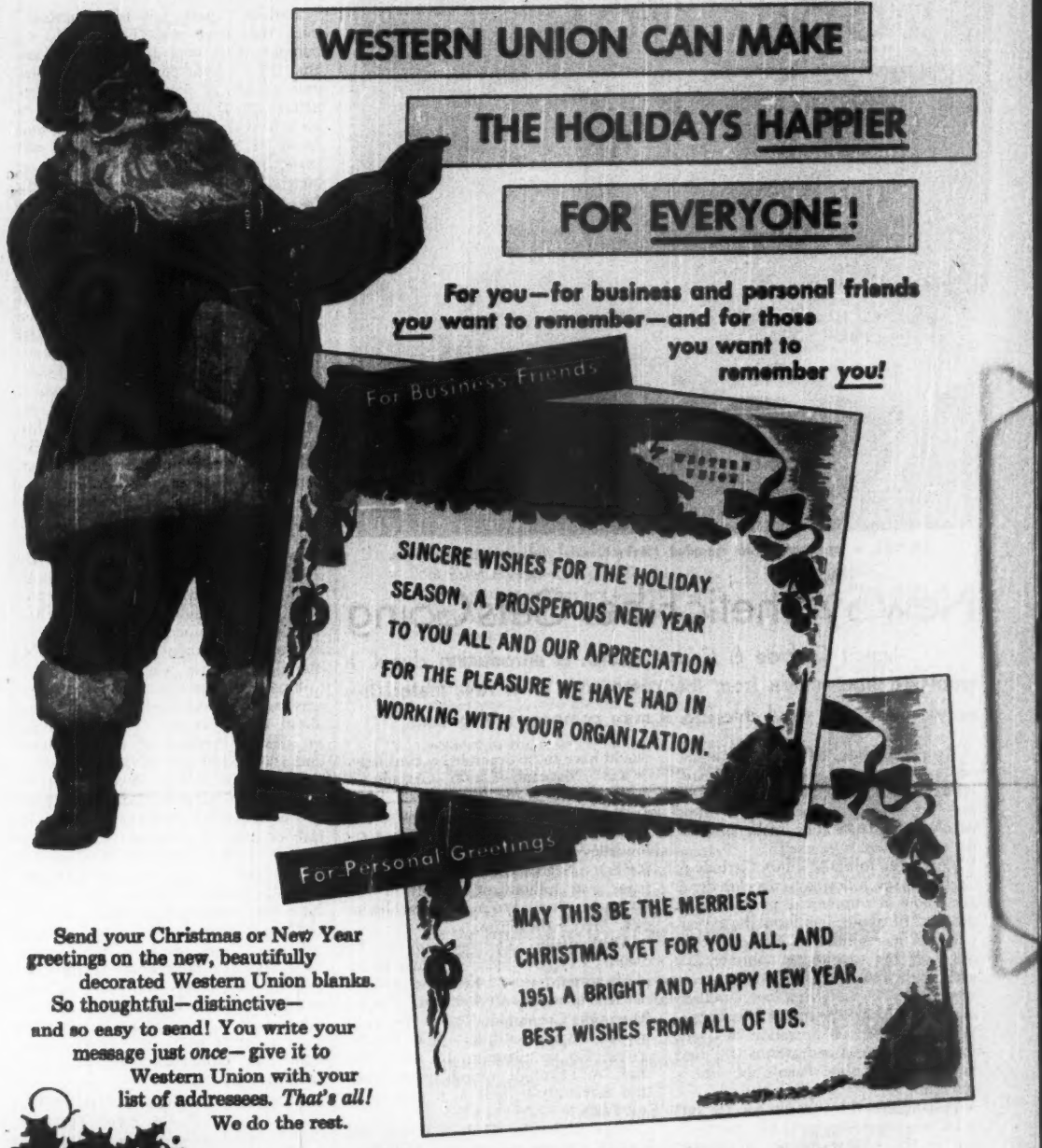
New concentrate: Beatrice Foods Co. is market-testing a frozen concentrated chocolate drink. It's packaged in cans the same size as frozen orange-juice concentrate, is reconstituted by adding three cans of water.

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DYNEL is processed from extruded vinyl chloride and acrylonitrile resins.

New Synthetic Fiber Gets Going

Union Carbide & Carbon Corp. is introducing dynel, a wool-like fiber made from the company's own raw materials—acrylonitrile and vinyl chloride. It may compete with wool.

Here's a well-tested recipe for a successful new product: Develop a low-cost substitute for an expensive commodity; make it from raw materials in good supply; and if possible, make most of the raw materials yourself.

That's the formula Union Carbide & Carbon Corp. followed to develop dynel fiber, now in commercial production at the rate of about 2-million lb. a year.

Dynel has soft, wool-like characteristics. It has caught on commercially with such a bang that Carbide is expanding to the tune of about 5-million lb. a year. New facilities at Charleston, W. Va., will be in operation in about six months. And indications are that capacity even then won't be nearly enough.

• **Possibilities**—This week government brass was busy studying the possibilities of the new synthetic in military uses. Wool is becoming more and more questionable as a raw material because of price, shortages, and possible importing problems during a war. Government experts think that dynel may be one solution to the problem this poses. But to get enough for military use would demand expansion costing hundreds of millions. And the supply of the raw materials for making dynel would have to be expanded accordingly.

• **Raw Materials**—Union Carbide is sitting pretty in any case because it has a strong position in these raw materials. Its new fiber is made from acrylonitrile (40%) and vinyl chloride (60%). Every year Union Carbide turns out millions of pounds of the raw materials used to make those chemicals. Here's the setup:

Acrylonitrile. The company is the country's biggest maker of ethylene oxide from natural gas. Ethylene oxide is needed to make acrylonitrile. Today, American Cyanamid Co. is the only maker of acrylonitrile. But Chemstrand Co. is planning to make the stuff. And Carbide intends to manufacture acrylonitrile itself in a new plant in Texas.

Vinyl Chloride. Carbide is also the biggest manufacturer of acetylene, from which it makes lots of vinyl chloride for vinyl plastics. It is the biggest producer of vinyl plastics.

• **Competitive Price**—Dynel, even in its present limited production, can be sold at $1.25 a lb. Nylon, now made in millions of pounds a year, sells at $1.75 a lb. Wool, which both of these fibers can replace pound for pound, now brings $3.35 a lb.

Carbide experts will tell you, however, that dynel wasn't developed to compete with wool directly. They say that the synthetic combines the texture and warmth of wool with other characteristics: It is nonflammable, resists chemicals and fungi, is mothproof, and holds its shape. They believe it will move into fields that wool hasn't even touched—work clothes, for example. So far, its commercial inroads have been into fields previously exploited by wool and nylon.

At present, dynel is available only in staple form (cut to lengths that are processed into yarns). The continuous filament form, which goes by the name of Vinyon N, is still in the experimental stage, with experts trying to improve its manufacturing process. Dynel's development reverses that of nylon, which started out commercially as a filament.

• **Development**—Dynel has a long history of experimentation behind it. Like other chemical companies, Carbide has long been interested in producing a synthetic fiber. In 1934 the company began to look into the possibilities of extruding vinyl-chloride-vinyl acetate compounds into fiberlike forms. By 1936 researchers had come up with Vinyon, a vinyl-chloride-vinyl-acetate fiber. Vinyon didn't get too far. But later work combined vinyl chloride with acrylonitrile. About 1942 Vinyon N, the filament form, was developed.

Small, pilot production of the vinyl-acrylonitrile fibers in silklike form began about three years ago. It never caught on, mainly because of dye problems and a low resistance to heat.

• **Jackpot**—With the development of the staple, however, Union Carbide thinks it has hit the jackpot. A whole rash of dynel applications will hit the market within the next few weeks. About half of them will be industrial filter cloths, water-softener bags, dust-fume bags, acid-resistant clothing, work-clothing fabrics. Consumer applications will range from blankets, men's hose, boot linings, upholstery fabrics, to sweaters and dress materials. There will be blends of dynel with rayon and dynel with cotton. These blends produce materials with combination properties (like wrinkle-resistance with ease of ironing).

Carbide's customers are experimenting with dynel in the manufacture of carpets and rugs.

• **Characteristics**—These applications grow out of the material's unusual characteristics. Since the fiber is extruded to size and cut to length, fabrics can be as soft as cashmere or as harsh as mohair. Water has no effect on them. Dynel fabrics can be made practically shrinkproof. They resist burning, won't support combustion.

In its natural form, dynel is honey-colored, but it can be bleached or dyed

These, Too

Union Carbide's dynel isn't the only synthetic fiber that is making a splash in the textile trade these days (BW—Mar. 25'50,p73; Sept.17'49,p46). In addition to rayon, the old standby, here are a few that will bear watching:

Nylon. A commercial veteran since 1940, discovered 20 years ago. It is made by du Pont from polyamides derived from coal or natural gas (BW—Apr.1'50,p28). It may soon be made by Chemstrand Co. under du Pont license.

Orlon. Formed from a polymer of acrylonitrile. It is in commercial production by du Pont. (BW—May6'50,p65).

Chemstrand. An unnamed acrylic-derived fiber is now being made by Chemstrand Co., a new company owned jointly by Monsanto Chemical Co. and American Viscose Corp. (BW—Oct.7'50,p78).

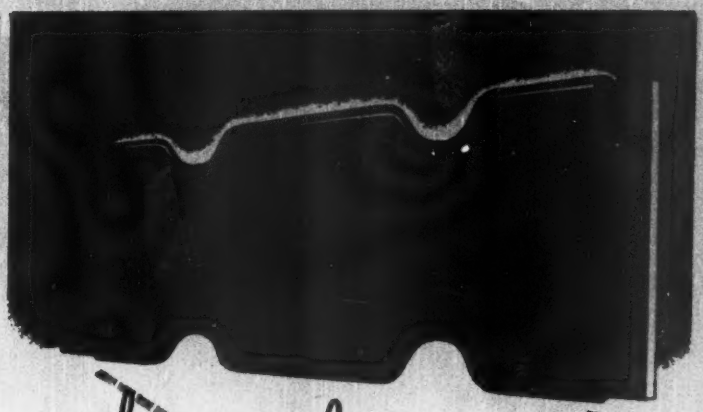
Fiber V. (Known as Terylene in Britain.) It comes from terephthalic acid and ethylene glycol, will be made at Kinston, N. C., by du Pont (BW—Jul.1'50,p25). It will be tradenamed later.

Vinyon N. A copolymer of vinyl chloride and acrylic resins made on a small scale by Union Carbide & Carbon Corp. (BW—Sep.17'49,p46).

white, or dyed into a full range of colors. Almost the entire range of acetate-type dyes, a number of acid-type dyes, many direct dyes, and some vat dyes can be used. This gives manufacturers a wide range of dyestuffs to work with, allows them to get practically any color to meet practically any service.

• **Selling Points**—Some of the fiber's characteristics will broaden, others will limit its use. For example, dynel has what textile men call a good "hand": It feels right. It has good resistance to chemicals, mildew, insects, and sunlight. But more testing is needed to discover its performance in high temperatures or tough chemical reactions.

Properly treated dynel fabrics are shrinkproof up to about 240F. At any higher temperature, it will shrink once, not shrink again until it encounters a higher temperature. This thermoplastic property makes it possible to set pleats and creases in the material during manufacture.



this seal

means security in shipping

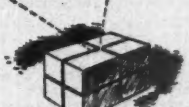
For over thirty years this red Signode seal has identified the Signode System of Steel Strapping—a method of shipment protection that has been employed profitably by more than 30,000 manufacturers.

Wherever you see this seal . . . on cartons, crates, bundles or carloads of heavy machinery . . . you see the end result of the most extensive research and development in the steel strapping industry.

For example, Signode operates the only railroad test-track used exclusively for perfecting methods of bracing freight car shipments. Signode is first to make available to industry fully automatic power machines for applying steel strapping on production lines. Signode maintains a staff of trained engineers solely for the benefit of customers, for development work in the field.

Probably most important, however, is the fact that Signode has but one business, one aim—to bring to every shipper, large or small, the cost-cutting, profit-building advantages inherent in steel strapping.

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America's Handsomest Lighting Fixture for Offices, Stores and Public Buildings

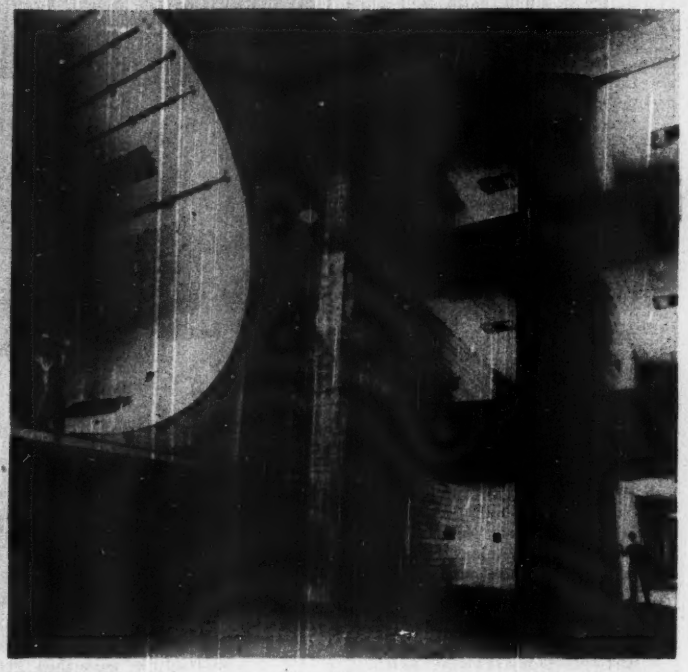
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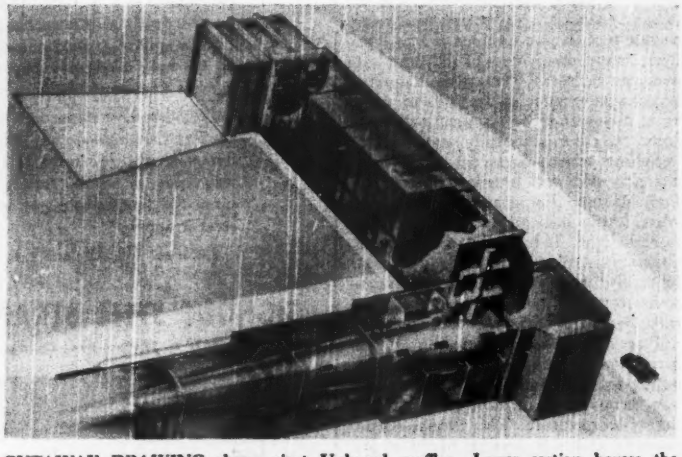
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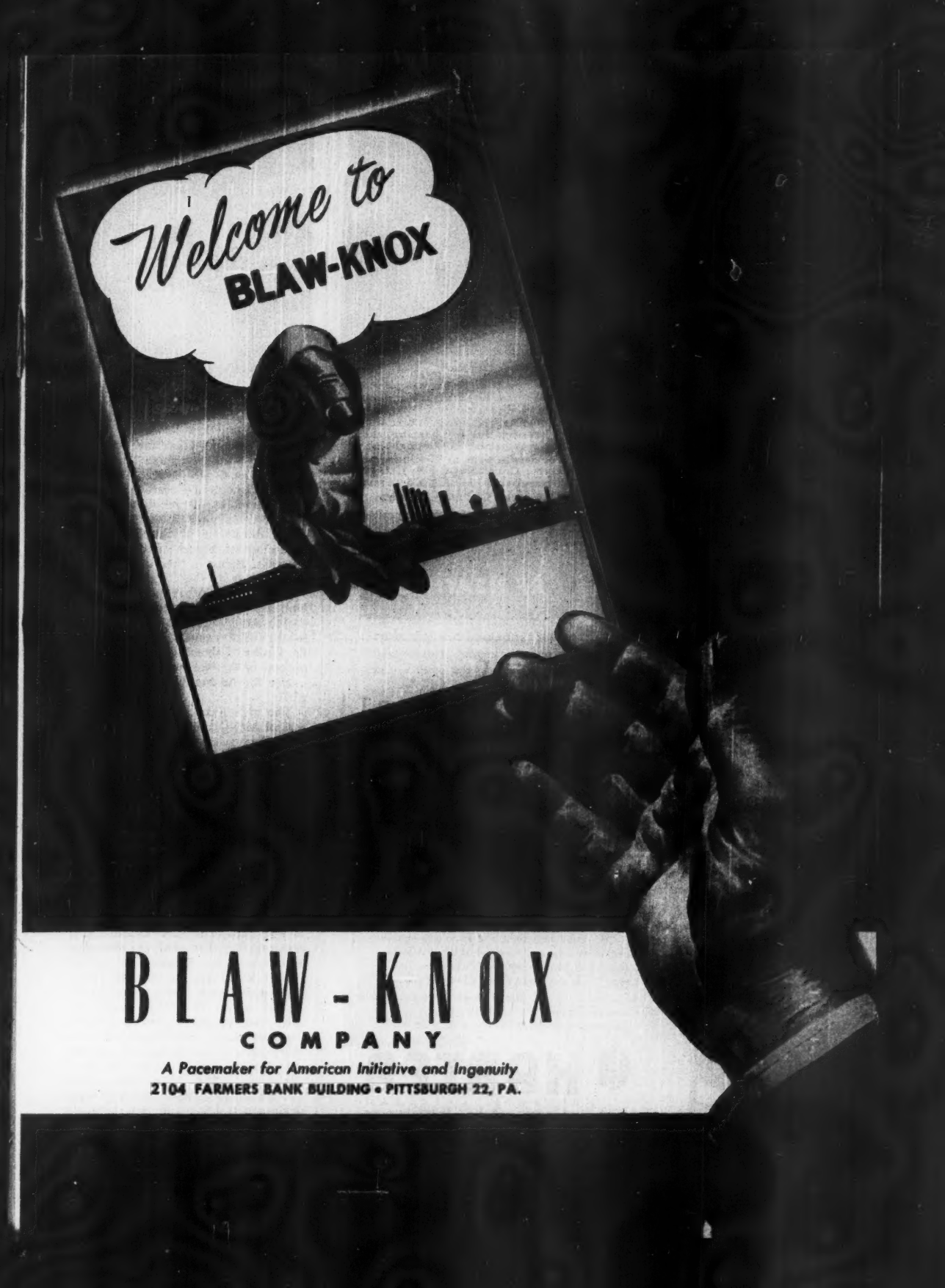
TURNING POINT for a cyclone: Air rushes from metal trumpet (left) into acoustical chamber. Here it turns left, speeds down six new passages.

How to Tame a Wind Tunnel

Cleveland shook when it first put jets into its test tunnel. Equipment could lessen sound but couldn't kill the unheard vibrations. Now tunnel has a big new muffler. STORY ON PAGE 62.



CUTAWAY DRAWING shows giant U-shaped muffler. Lower section houses the trumpet that takes care of low-frequency sound waves. Air turns right into new ducts that catch the higher ranges. At end of ducts, it turns again and goes out—quietly.



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In an installation at a prominent automotive plant in Detroit, work-handling equipment, a Westinghouse Horizontal Scanner, was furnished to take full advantage of the capacity of the R-F generator. Incidentally, the Horizontal Scanner is designed to handle a wide range of shaft sizes and can be used with different generator ratings.

The first two installations proved so successful in full-time operation, that this plant now has purchased a third such Westinghouse R-F Heating Unit.

Production is of higher quality and at lower cost. Results like these are typical of Westinghouse R-F Heating.

Profitable heat for production is R-F heating. For R-F heating, the name to remember is Westinghouse.

For details, write to Westinghouse Electric Corp., Dept. BW-3, 2519 Wilkens Ave., Baltimore 3, Md. J-02216

*1¼" diameter SAE 1045 steel shafts

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OUTLET END of acoustical house. Here air turns to pass through exit (right).

People around Cleveland still talk about it. They remember the night, about a year ago, when the earth moved. Dancers in a nearby night club might be footing it ever so neatly; suddenly, everybody was doing the rhumba. Every drink was a mixed one. In private houses, plaster jarred loose from the walls. Babies in their cribs woke up screaming.

• **Just Testing**—What was the matter? Nothing was the matter. A ram jet engine was just getting a test workout in the wind tunnel of Lewis Flight Propulsion Laboratory, one of the projects of the National Advisory Committee for Aeronautics (BW—Jul.8'50, p30).

The high jinks weren't a scheduled part of the operation. You start quite a cataclysm when you set a ram jet going in an air stream that's moving 2-million cu. ft. a minute through an 8-ft. x 6-ft. wind tunnel. NACA engineers thought they had taken care of all that. They were so wrong that the vibrations were felt six miles away. If you were two miles away, your house and bones rattled.

Today, after 11 months, NACA's laboratory monster is tamed. The roaring lion is a sucking dove.

It took quite a bit of doing.

• **Two Jobs**—The trick was to rig up a contraption that would do more than take care of the vibrations of a "hot" jet. It would have to iron out the vibrations from the supercyclonic gale delivered by an 87,000-hp. compressor. The compressor is at one end of the straight tunnel. The result was more than noise; it was an unearthly rumble of very low frequency—from five to 20 cycles per second. That's too deep for the human ear to hear. But the human body can feel it. And those subsonic sounds were the trouble.

• **The Trumpet**—The wind tunnel had been equipped from the start with a huge 230-ft.-long metal trumpet that

was supposed to diffuse the sound waves. Now quite a lot has been added.

First, the engineers tinkered with their trumpet. It's housed in a box of 12-in. reinforced concrete; the box itself stands 43 ft. high. The engineers broke up the space between the trumpet and the housing walls into five separate sections. Then they cut four slots in the trumpet for each of the sections. Through these slots, the blasts from the wind tunnel shake off some of the noise as they shudder through the trumpet.

• **Left Turn**—But that wasn't enough. So now the tunnel empties into a chamber lined with acoustical panels of perforated metal filled with Fiberglas. The air stream rushes into this chamber, does an abrupt left face—at a 90-deg. angle.

Right here, the engineers built an addition: a new tunnel, 140 ft. long, at right angles to the trumpet. This tunnel is broken into six ducts that are slotted the way the trumpet is slotted. More vibrations escape through these holes and are sopped up by the surrounding chambers. The walls of the last section of the ducts are of Fiberglas and metal.

• **Quiet Exit**—When the air quits these ducts, it empties into the end house, a second soundproofed chamber. Here again its makes a 90-deg. turn. Now it passes through a last series of acoustical panels—and into the outer air. By this time, the vibrations are spent, and the sound is scarcely more than a sigh.

New System Drowns Fires With Dry Powder

Sprinklers that automatically "drown" fires with dry chemicals are being marketed for oil-storage depots, printing plants, oil-processing plants, textile-processing plants. Ansul Chemical Co., Marinette, Wis., says they are particularly useful for Class B (inflammable liquid) and Class C (electrical equipment) fires.

• **Around Curves**—To develop its system, Ansul had to figure out how to shoot a dry chemical—specially treated sodium bicarbonate—around curved pipes and how to protect the distributor heads from clogging. Here's how it was done:

The system operates under pressure of nitrogen, an inert gas that won't react with others. When a fire starts, the rising temperature causes air expansion in a heat-actuated device. Under this pressure, the air travels through a copper tube to a release valve linking a nitrogen cylinder to the main tank of dry chemical.

As the nitrogen enters the tank, it opens the exit valve of the tank by



What's in the cards for 1951?

NO FORTUNETELLER can ease the uncertainty that afflicts the executive mind. No solacing pick-up lies among the 52 pasteboards.

Plagued by doubts about yesterday's sales and orders and today's multi-faceted inventory picture, many a management officer is sure of just three things:

1. He's getting reports too late to make sound, timely decisions.
2. Reports are often shot through with inaccuracies.
3. At best, reports contain only skeletal information.

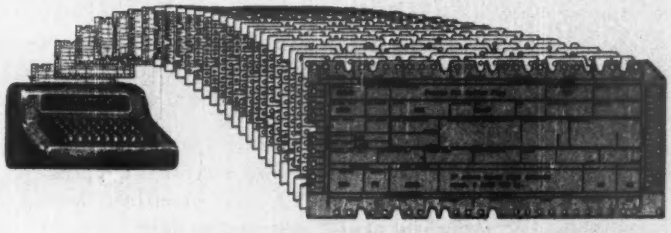
But there *is* a card that provides management with the prompt, accurate information needed for outguessing the future. That's the McBee Keysort card, basis of the most flexible and economical record-producing system available to business today.

With your present personnel, *without* costly installations, McBee Keysort cards and machines provide you with accurate and useful management controls at less cost than any other system. When notched, the pre-coded holes along the edges of the Keysort card make it easy to *collect* a wealth of data . . . *classify* it . . . *summarize* it . . . *file* it . . . *find* it . . . *use* it . . . quickly and accurately.

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Or, if you're using brushes where some other method would be better, the **OBA** will report this and offer suggested improvements.

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means of gears. At the same time, the released nitrogen pressurizes the main tank and forces the chemical out to the system's distribution heads.

These heads are normally kept open. But to prevent clogging by paint, asphalt, or other obstructions, they can be covered with shielding caps. These caps blow off automatically when the pressure comes on. They can be replaced after a fire.

• **Automatic**—The Ansul system can also provide automatic releases for closing fire doors, windows, ventilation ducts, and plant equipment valves. In all installations, the system can be shifted at will from automatic to manual operation.

For both Class B and Class C fires, the use of a dry chemical cuts down the chances of a later reflash, for the chemical loses none of its effectiveness. Also, the sodium bicarbonate prevents concentration of toxic or asphyxiating gases.

PRODUCTION BRIEFS

Iron ore was the goal of Bethlehem Steel Co.'s land-buying spree near Reading, Pa., last year, according to the latest guess. Bethlehem's holdings are said to have proven 3-million tons of magnetite ore.

•

Employee safety angles are being stressed by General Electric Co., and Silicone Paper Co. of America, Inc., now working jointly on silicone-treated tissue for cleaning glasses and goggles in offices and factories.

•

Two-way radio (BW—Aug.5'50,p38) speeds up materials handling at Johnson & Johnson Co.'s Metuchen (N. J.) shipping center. A dispatcher at the master station checks his warehouse layouts and stock-locator cards, then phones directions for stock movements to radio-equipped fork-lift trucks.

•

Movie film for oil well bottoms—a research of Eastman Kodak Co.—operates at depths of 17,000 ft., withstands temperatures up to 325F. Camera studies chart the course of a well and show the vertical angle of the boring.

•

Cast iron, instead of hard-to-get aluminum, is called for in Ford Motor Co.'s future specifications for automatic transmissions. The aim: to prevent cutbacks.

•

More sorbitol will go on the market when Atlas Powder doubles production next fall with a new plant at Wilmington, Del. The chemical—one of the polyols, which include glycerine and glycols—is currently on the Munitions Board's strategic list.

THIS IS *new magic* IN THE MIDDLE SOUTH

Private business initiative is working a new kind of magic with the rich, black oil of the Middle South. Based on known reserves of 2.6 billion barrels* in this area of Arkansas, Louisiana and Mississippi—with more being discovered each year—the oil and chemical industries are turning out a growing variety of products from gasoline to such complex materials as the new "cold rubber."

These industries are helping build a great future in the Middle South—and their investment is *positive proof of confidence in the future of this area.* Confidence that is shared by many industries. For they recognize the natural advantages of the Middle South; its strategic location for national trade and for world trade through the port of New Orleans, interconnected transportation, plentiful electric power, abundant resources of farm and forest, reserves of natural gas, salt, sulphur, coal, clays, barite, bauxite and manganese... Write today for specific information about the Middle South.

***American Petroleum Institute*





"I'd say the heck with it, if..."

● "If it wasn't my own daughter's wedding," said Mrs. Allergen Hives.

● "Stop grousin', old girl" said Col. Hives. "We'll get the little thingummy that prints stamps on the envelopes." She did. He did. Roger.

● The Col. meant, of course, the DM —new desk model postage meter.

● Little larger than a desk phone, it prints any postage you need, plus a dated postmark, and (optional) small advertisement directly on the envelope...for any kind of mail. Has a built-in sealer for envelope flaps. Even handles parcel post.

● The postoffice sets the meter when you buy postage. Postage in the meter can't be lost or misused, is automatically counted.

● There's a meter model for every user of mail, large or small. Call the nearest PB office, or send the coupon for a free booklet.

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Postage Meter

World's leading makers of mailing machines... offices in 93 cities...

PITNEY-BOWES, Inc.
1462 Pacific Street,
Stamford, Conn.

Picture Your Ad HERE

Please send free booklet on the DM.

*Name*_____

*Firm*_____

*Address*_____

NEW PRODUCTS



INSTALLING metal bridging is easy. You clamp hinged sections together.



IN PLACE, two supports form an X-pattern that strengthens floor beams.

Metal Floor Bridging

Glover Mfg. & Sales Co. has metal bridging for bracing floor beams in homes. It eliminates the cutting and fitting of wood; thus it is cheap and easy to install.

Each support consists of two hinged sections, male and female, forming a T, hinged at the junction. At the base and one tip of the T are prongs.

To install, you drive the prongs into the joists on which the floor boards rest. Then, you clamp the male section on the female section by straightening the T into one line (picture, above). This forms a rigid support for the joists. Between each pair of joists, two bridges are installed, which form a bracing X.

You don't need nails or exactly sized supports. Glover says that skilled or unskilled labor can install a minimum of 38 pairs of bridging in 30 min. at a cost of about 30¢ a pair.

• *Source: Glover Mfg. & Sales Co., 2491 Manchester Rd., Akron, Ohio.*

Fluorescent Shortcut

When you install fluorescent lighting in laboratories or at desks, you usually buy a complete lamp fixture. Now, Stocker & Yale has a fluorescent light, called Lite-Mite Bulb, that screws into an ordinary lamp socket.

Lite-Mite has two 4-watt fluorescent lamps within a 2-in. by 6-in. shade. On the top of the shade is a pushbutton control. You can rotate the shade 330-deg. for focusing. The company says the unit gives four times more light for equal wattage than an incandescent lamp. In addition, it's cooler. Average life for the lamp is about 7,500 hr. (what you'd use in 3½ yr.).

• *Source: Stocker & Yale, Marblehead, Mass.*

• *Price: $8.67 each for six or more.*

Exhaust Fumes Curbed

Exhaust gases from gasoline-powered lift trucks are irritating and harmful inside buildings. One answer to this problem, according to Oxy-Catalyst Mfg. Co., is its Catalytic Exhaust. The device is supposed to make such gases nonpoisonous and ordorless.

The exhaust unit weighs around 25 lb., reportedly fits any fork-lift truck. It includes an instrument panel pyrometer to indicate whether the exhaust is operating properly. The pyrometer also shows the air-fuel ratio, which indicates engine efficiency.

Catalytic exhaust works only with unleaded gas. OCM says it brings no more back pressure on the engine than a standard muffler.

• *Source: Oxy-Catalyst Mfg. Co., Inc., Wayne, Pa.*

• *Price: $140-$220.*



Lift or Pull Wrench

Yale & Towne has a link-chain device for hoisting and pulling that works like a wrench. The tool has two hooks, a chain between them, and a ratchet and handle at one end.

Say you want to move a machine across the floor. You attach one of the

hooks to the machine and the other to something stationary. Then you pump the handle, which pulls in on the chain and moves the machine.

The handle operates at any point within a complete circle. You can use short or long strokes. In a lifting operation an automatic braking mechanism supports the load. The device, called Pul-Lift, comes in ¾-ton, 1½-ton, and 3-ton capacities.

• *Source: Yale & Towne Mfg. Co., Philadelphia 15, Pa.*
• *Price:* $53-$94.



Space-Saving Sofa-Bed

Convertible sofas are nothing new. But many of them are unwieldy and take up too much space. Moynahan Bronze Co. has developed one that's easy to change into a single bed and is compact.

To make the sofa a bed, you pull the back forward across the seat. The back cantilevers to a horizontal position at normal bed height. The back of the back is actually a hollowed-out frame; in it are the springs, mattress, and bed clothes. Thus there's no need to strip or make up the bed each time you use it.

The sofa was designed primarily for ships, but it can be used on trains and in hotels, homes, and offices.

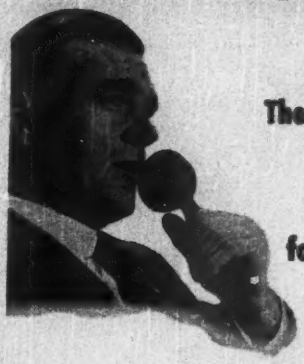
• *Source: Moynahan Bronze Co., 9071 Alpine Ave., Detroit 4.*
• *Price: Up to $300.*

Fiberglas Ceiling Board

There's a new use for Fiberglas. Owens-Corning Fiberglas Corp. is making ceiling board for suspended ceilings from the versatile material.

The manufacturer says that the board is incombustible and acoustically excellent. It's supposed to have a noise-reduction coefficient of 80% and sound absorption of 86% at 512 cycles per

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EDISON, 64 Lakeside Avenue, West Orange, N. J.

Send me a copy of "Don't Work So Hard" by Roger Bonbin, please.

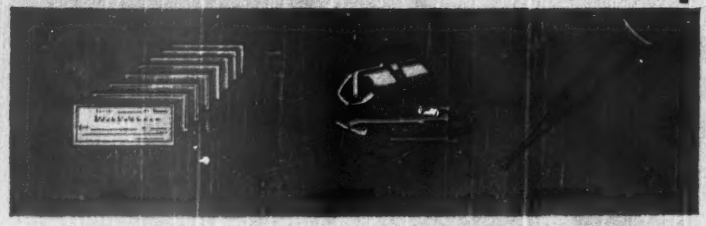
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COMPANY_____

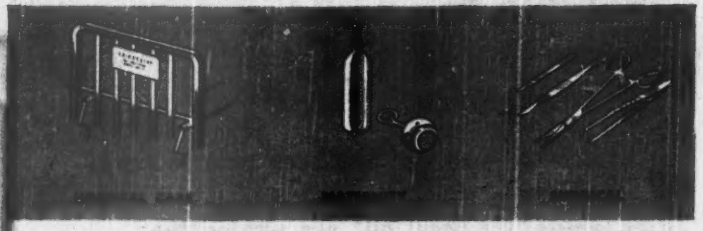
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CITY_____ STATE_____

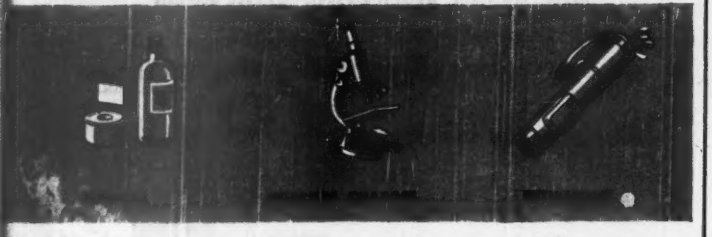
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Group Division ÆTNA LIFE INSURANCE COMPANY *Hartford, Conn.*



sec. (average room noise). The board won't warp, buckle, rot, or decay. And it can be cut with a knife, cleaned with a vacuum attachment, and painted with a spray gun.

The Fiberglas ceiling is made of glass fibers bonded together with a stable resin; it is ¾-in. thick, measures about 2 ft. by 4 ft., weighs ¾-lb. per sq. ft. You set the board on the flanges of extruded aluminum T-sections suspended from the ceiling in a grid pattern.

Owens-Corning says installation cost is about the same as for conventional nonacoustical ceilings but one quarter less than for similar acoustical tile.

• *Source: Owens-Corning Fiberglas Corp., 1833 Nicholas Bldg., Toledo 1, Ohio.*

NEW PRODUCTS BRIEFS

Medical Fabrics Co., Inc., 10 Mill St., Paterson 1, N. J., has elastic adhesive bandages, called Pressoplast Stick Pads, that stretch tightly over the cut, resist water, oil, grease, and gasoline.

•

Silaseal, a transparent liquid silicone coating made by Surface Protection Co., 16799 Euclid Ave., Cleveland, helps stone and masonry repel water.

•

An electric tractor, made by Automatic Transportation Co., 149 W. 87th St., Chicago, is 10 ft. long, weighs 6 tons, can tow 1,500 tons of railroad cars.

•

Proctor Presurmat makes pressure cooking completely automatic, according to the manufacturer, Proctor Electric Co., Philadelphia. It consists of an electric stove with cooking dial, a 60-min. timer, and a 4-qt. pressure saucepan with trivet. Price: $39.95.

•

A light with batteries that illuminates the word "exit" and shines downward on the doorway when outside current fails is offered by Electric Cord Co., 30 Church St., New York City 7.

•

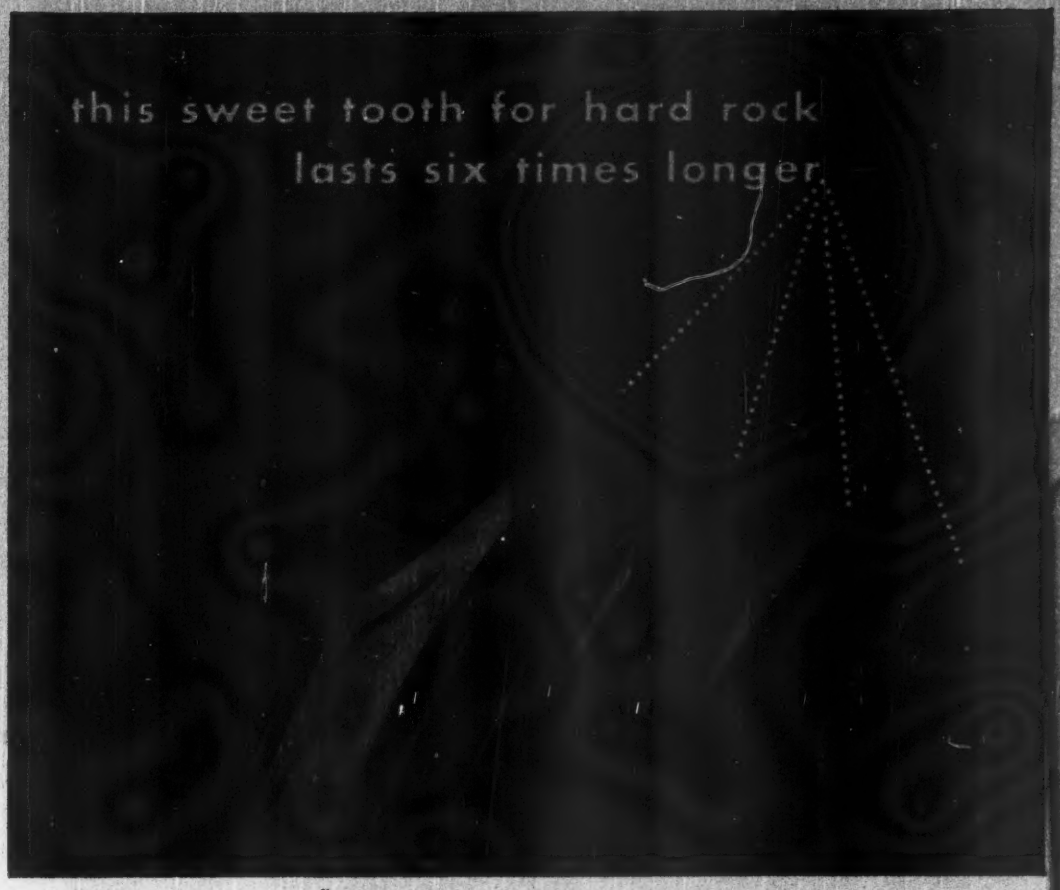
A lumber crayon, called Crayoff, has a soap base; you can wipe off markings with a damp cloth. Celco Corp., Santa Monica, Calif., makes it in eight colors, sells it for $1.44 a doz.

•

Ugly TV antennas can be replaced with a weathervane-TV antenna combination, made by Zenith Radio Corp. It retails for $39.95.

•

Pro-Tex-Tire compound is supposed to keep tires cool, prevent rims from rusting and freezing, eliminate creep between tire and tube. Made by American Sand-Banum Co., Inc., 9 Rockefeller Plaza, New York City 20.



Reversible, self-sharpening and self-hardening, self-tightening, the Amsco Rever-sharP is the biggest dipper tooth development in years

This revolutionary new manganese steel tooth, service-proved for over four years, is reducing handling costs per ton for operators of shovels, drag lines and rippers. It is low in initial cost. Its exceptional freedom from breakage and long-wearing qualities have increased service life up to 6 times. Digging efficiency has been improved 50-200%.

The unique cutting edges of the Rever-sharP have reinforced and extended corners that take initial impact. This causes the entire tip end to work-harden, thus equalizing wear along the cutting edge. When worn, the tip is simply turned over and a new, sharp cutting edge is ready for use. The harder you use the Rever-sharP, the harder it gets!

The Rever-sharP is a product of Brake Shoe's Amsco Division, for many years the largest manufacturer of manganese steel power shovel dippers and other earth-moving equipment parts. There is an Amsco dipper of the right type and size for most every job in the mining, construction and excavation industries. Write Department A.



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PAPER

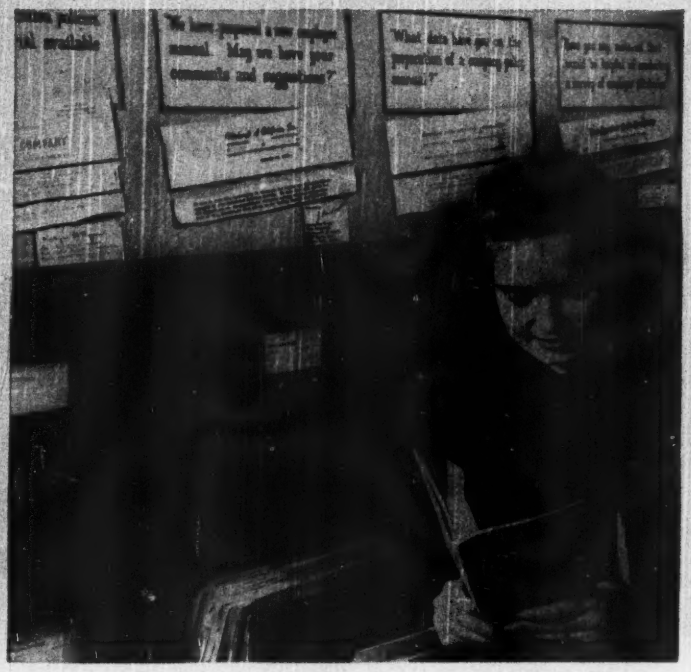


Crisp and crackling as a sub-zero night, Atlantic Bond adds distinction and character to any letterhead. It has a quality feel . . . a quality appearance . . . all those other qualities that ensure good looking, business-like letters. *Genuinely watermarked*, clean in appearance, it's packed with points of superiority.

Ask for Atlantic Bond in White, Cream or any of twelve attractive colors. Envelopes to match.

EASTERN CORPORATION
BANGOR • MAINE

MANAGEMENT



ANSWERS to many management problems are in this file of Policy Service Bureau.

Free Bonus: Business Advice

Metropolitan Life helps solve management problems for its corporate group-insurance policyholders. It issues pamphlets, organizes conferences, answers questions—keeps companies healthy.

For years life insurance companies have banked on the theory that it's good business to keep individual policyholders healthy. With the rapid growth of group insurance, Metropolitan Life Insurance Co., New York, has found that it's good business to keep corporate policyholders healthy, too.

"Call it enlightened self-interest," says William J. Barrett, Metropolitan vice-president. "The volume of group insurance rises and falls with payrolls. The maintenance or growth of a company's payroll depends on profitability of the business, which in turn depends on good management. Both insured and insurer benefit."

• **Service Bureau**—With this theme in mind, Metropolitan long ago set up a Policyholders Service Bureau to help solve management problems for its group insurance customers. Though the bureau is 30 years old, it is still unique in the insurance field and not very widely known.

The 45-man staff of the bureau prepares pamphlets on management problems, articles for company house organs, posters and pay-envelope inserts, and health literature. It gives advice on setting up safety programs. It organizes round-table conferences on personnel management. It publishes case histories of well-managed companies.

• **Free on Request**—Every company covered by a Metropolitan group policy is eligible for this and other service. It's given free—but on request only. Metropolitan figures that, if an executive writes for information, he's likely to read it; if the company just snowed all policyholders with handouts, much of it would probably end up in the wastebasket.

There are plenty of requests. In a typical year, the bureau sends out over 500,000 posters and 10-million pamphlets on health, safety, and security. It mails about 70,000 copies of company case histories to executives, and it

DSRS

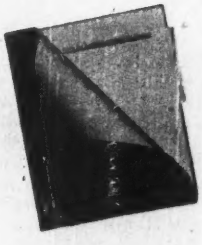
DODGE STATISTICAL RESEARCH SERVICE

For sales forecasting—for market research—for establishing production quotas—here are CURRENT FACTS vital to those who sell to the construction market. DSRS consists entirely of facts for Building-Product Marketing...*no estimates.* Based on project data collected from original field sources . . . Product of F. W. Dodge Corporation, the fact finding organization which has served the construction industry since 1892.

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DSR-12-51



A complete series of jewelry display boxes—five different sizes—is molded from Koppers Polystyrene 31. Manufacturer: C&M Manufacturing Co., Providence, R.I. Molder: C & M Plastic Co., Providence. Costume jewelry courtesy Kaufmann's, Pittsburgh, Pennsylvania.

YOUR BEST LOOKS *Better* when packaged in Koppers Polystyrene

● Merchandisers say that a well-displayed item is half sold. No wonder retailers are so enthusiastic about display boxes like this series for jewelry made by C & M Manufacturing Company, Providence, R. I.

Covers of the boxes are molded from crystal-clear Koppers Polystyrene 31, combining maximum visibility with necessary protection for the product. The tray is ivory Koppers Polystyrene 31, which forms a background that dramatizes almost any piece of jewelry.

For all its attractiveness, Koppers Polystyrene is a low-cost material. Its original cost is low and its light weight yields more pieces per pound than similar materials.

If your product can be made from a plastic material, it will pay you to investigate the economy and other desirable properties of Koppers Polystyrene.

KOPPERS

KOPPERS POLYSTYRENE HAS MADE MANY PRODUCTS BETTER AND MANY BETTER PRODUCTS POSSIBLE

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handles close to 1,000 requests from companies that want information or help on an individual consulting basis.

The bureau is careful, however, not to infringe too much on the field of the professional management consultant. Often requests are too complex to be handled by just a phone call or a letter. In those cases, Metropolitan sends a field representative to visit the plant. On his advice, the company may call in a management specialist. "We make work for consultants," Metropolitan officials insist.

• **Pamphlets**—The bureau's pamphlets are most in demand of its various services. A 62-pager called "Management Development: Case Studies" is the latest in a series of several hundred that the bureau has issued. It contains stories of actual management problems and how they were solved, submitted by such companies as U. S. Steel, Alcoa, GE, and Johnson & Johnson. Here are two typical extracts:

". . . Our soda cracker sales in the Middle West were suffering severely. Competitors were producing a much thinner cracker, which had caught the consumers' fancy. . . . We held a meeting. Sales, production, and advertising departments were all there. Several months later nothing had been done, and for the life of me I couldn't find out how the thing got sidetracked. I couldn't find out who had it last. Of course, we were all to blame—no one person in particular."—G. H. Coppers, president, National Biscuit Co.

". . . All levels of management were asked to tell their superiors, as well as each other, just what their responsibilities should be and to list them in writing for open discussion in what became known as 'responsibility seminars' . . . it practically eliminated the old wisecrack among foremen: 'Nobody ever tells me anything around here, I'm just the foreman.'"—SKF Industries.

• **Questions**—Besides publishing pamphlets, the bureau answers a myriad of questions turned in by executives of insured companies. Some of them that came in this year: How do you evaluate an executive job? What's new on rating office employees? Has anybody done anything about office ventilation? What's the latest thing in testing job applicants? Do many companies give physical exams to executives?

Most questions can be answered with the aid of what is probably the most unusual feature of the service bureau's system. That's a clearinghouse for information on about 2,000 top-flight companies, cross-indexed by subject-matter, company name, and industry. Everything one of these companies does in a particular field is recorded in a file for quick reference. On tap are answers to things such as employee communications, vacation practices, and training programs. Librarians pore through hundreds of letters, releases, news stories, company reports, and publications to



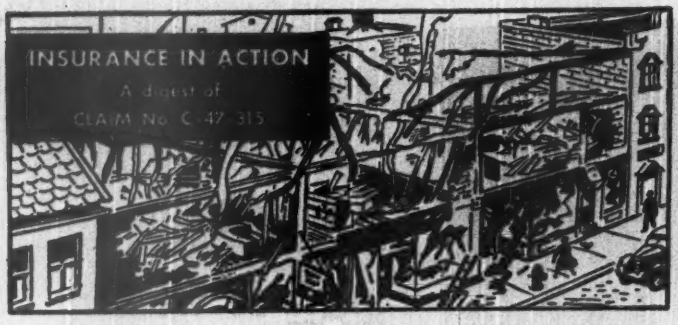
"We will sign it with our name"

Few things in life are as precious to a man as his name. He bestows it with pride on his heirs. He does not sign it lightly. To the man of integrity, his signature is not so much a means of identification as an evidence of good faith.

When the Jenkins brothers were satisfied they had made the best valve money could buy, they *signed* it with their name. Today, as for over three quarters of a century, that signature — forming, with the famous Diamond, the Jenkins trade mark — is more than a symbol of the maker's pride in his craftsmanship. It is the mark of a friend you can trust.

Jenkins Bros., 100 Park Avenue, New York 17. Jenkins Bros., Ltd., Montreal.

JENKINS
VALVES



Sales $0...Net Profit $137,000

When fire gutted the building of this Pennsylvania store, operations (and income) suddenly ceased. During the twelve months needed to restore the building to use, sales and rents *would have* amounted to $850,000 and yielded a net profit of $137,000. Overhead that necessarily continued during the shutdown mounted to $51,000.

This would have added up to a staggering loss . . . *except for the foresight of this firm.* They had protected themselves with Business Interruption Insurance. Because they had this insurance, *in a sufficient amount,* they collected both the continuing overhead charges *and* anticipated net profits . . . a total of $188,000 . . . *just as if the disaster had never occurred!*

• • •

How much income would *your* firm stand to lose if fire or other insurable hazard forced a shutdown? Worksheets prepared by the Hartford make it easy for you to find out . . . and to figure how much Business Interruption Insurance you need to keep free of loss. Send coupon for free copies . . . or see your Hartford agent or insurance broker. In more than 5000 communities you can locate your Hartford agent by calling Western Union and asking "Operator 25" for his name and address.

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Hartford 15, Connecticut

2

Please send free copies of work sheets for Business Interruption Insurance.

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keep the clearinghouse right up to date.

• **Conferences**—The bureau's third important service is its "round-table conferences on personnel management." The bureau organizes and holds them several times a year, Monday through Friday, for key executives selected from customer companies. Expenses are paid by the individual companies.

• **Cost**—Metropolitan says that the cost of operating the service bureau amounts to only a fraction of 1% of the premium income from all group policies. But that fraction can run to a pretty big figure in dollars. The company has over $12-billion of group policies in force this year.

New Publication Previews Career Mart

After the first of the year, U. S. businessmen will have their talent scouts on university campuses on the lookout for recruits for their companies. They'll find it harder to line up likely candidates now, because of the manpower pinch (BW—Jun.10'50,p23).

Four bright boys at Yale are capitalizing on the situation. They figure that the usual procurement methods and placement bureaus are rapidly being outdated and that little attention is being paid to individuals starting out on business careers.

• **Setup**—They formed a company, Career, Inc., and began work on a publication called Career. It's a slick 149-page book in which 71 companies describe themselves. The companies write their own copy and pay for the insertion like an advertisement—subject to the editors' blue-pencil.

The editors expect a tidy return some day, if the idea clicks. They distribute the book free to seniors in 29 Northeastern colleges, also send it to 2,000 placement officers on college campuses. Twelve types of businesses are represented—such as banking and investment, chemistry, heavy manufacturing, insurance. Career, Inc., persuaded a lot of top-grade companies to make use of the book, which has just come off the presses.

Career gives seniors a chance to preview the field. Business can put its best foot forward, entice smart graduates.

To sell the idea, 35 student salesmen visited 300 companies in the East. Early efforts were discouraging, but companies got interested fast, after Korea made it certain that smart college graduates would soon be at a premium.

Still labeled an experiment, Career, Inc., plans to publish regional editions for small business if the first edition is a success.



Here Are The World's Sights and Sounds

which GAS helps bring into your home

DISTANCE IS NO OBSTACLE to the engineers who work with scenes and sounds. Miles are merely a challenge calling for improved methods and means of transmission. Here, in the development of these modern systems of communication, Gas continues to play another of its major roles as an industrial processing fuel.

IN RADIO AND TELEVISION the versatility of Gas is well demonstrated. The familiar tubes in receiving sets, the picture-screens of television, the giant tubes at transmitter stations—these are products of Gas-fired, glass melting tanks, forming molds, stem machines, and annealing ovens. In addition, the miles of copper wire, the thousands of filaments, and the myriad heat-treated parts of a radio or television set were processed in one of the many Gas-fired units in the production line.

FOR TELEPHONE AND CABLE manufacturing the use of Gas is so common that it's frequently overlooked. Brazing, annealing, desiccating, laminating are just a few of the many ways in which manufacturers apply Gas. Yet these processes emphasize the virtually unlimited opportunities for efficient heat-processing with Gas.

PHOTOGRAPHY AND PRINTING, two other methods of bringing you the world's sights and sounds, have at least one common bond. In the manufacture of cameras and photographic materials, and in the printing of newspapers and magazines, Gas has always been an important factor—essential in mechanical, chemical, and physical operations. To enumerate each application is unnecessary but it's in these widely varied fields of communication that the versatility of Gas is demonstrated.

FOR ANY INDUSTRIAL APPLICATION in the manufacture of communications equipment, metal products, textiles, chemicals, foods, the advantages of Gas can be readily proved. There's always a way to do production-line heating simply and economically with Gas—call your Gas Company Representative for help with your problems.

AMERICAN GAS ASSOCIATION
420 LEXINGTON AVENUE, NEW YORK 17, N. Y.





SOLID CITIZEN . . .

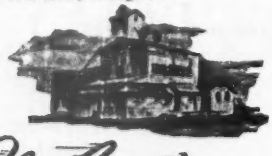
your Prater Blue Streak Miller

Meet the man at the crossroads of rural America—a fellow with his feet on the ground—a business man who has invested considerable capital to build a better feed mill . . . to do a better job of grinding the grain and mixing the feed for the farmers and feeders of his community.

And for this year—with more livestock to be fed—his work is cut out for him. Yet no custom miller is better equipped than the Prater Blue Streak Miller. He has the mill, the mixer, the concentrates, and the experience to give the finest, fastest feed service—the only custom miller who can provide the profit-making advantages of *Granular Grind* and *Twin-Spiral Mix*. His services have helped hundreds of feeders to gain greater feeding profits!

PRATER PULVERIZER COMPANY

1502 S. 55th Court, Chicago 50



Blue Streak

MILLS • MIXERS • CORN CUTTERS • MAGNETS
ROLL CRUSHERS • DRAG FEEDERS
SHELLERS • CONVEYORS • BLOWERS
MILLING EQUIPMENT



FAMOUS Getchell ad is in the book, "The One Hundred Greatest Advertisements."

Getchell Ads Still Sell

Revolutionary ad man died 10 years ago, but his ideas still influence advertising agencies and magazines, many of whose executives are Getchell-trained.

If you're an advertising agency executive or a magazine editor, there's a good chance you are either a "Getchell alumnus," use J. Stirling Getchell's ideas, or at least know who he was. As a magazine reader, you're exposed to the Getchell influence all the time.

What jazz did for popular music and tabloids for newspapers, Getchell did for advertising.

He died at 41, 10 years ago this week—on Dec. 17, 1940. But like the first jazzmakers and the tabloid-founders, Getchell's influence has grown to legend proportions since he died. His contribution to advertising has spread through almost every field of written communications.

• **Firsts**—To make this mark, it took Getchell only 10 years—roughly from 1930 to 1940. In that short time he jolted advertising out of a complacent rut, which years of easy selling before the depression dug for it; he put together an advertising agency that functioned with production-line swiftness; and he trained smart young men who today are top executives of leading ad agencies and magazines.

Getchell was the first to tie the camera to words so a layout told a story fast. He was the first to give ads a simple orderliness. He was the first to adapt the sensation headline of the tabloids to sell products instead of sex. He was the first to use "strips"—a series of related pictures—to hammer home a point.



PIONEER ad man, J. Stirling Getchell.

• **Screaming Ads**—Starting at a time when a poor ad could break a product, Getchell had to make his copy

"scream." His headlines did that—so successfully that advertisers begged for space far from Getchell competition.

Getchell's most famous ad was Plymouth's "Look at All Three." (picture, page 78). It showed Walter P. Chrysler standing by one of his new cars advising auto buyers to look over Plymouth before they made up their minds on the famed Chevrolet or Henry Ford's brand-new low-price entry—the V-8. The response was terrific. Getchell, who had done the ad on speculation, wound up with the Plymouth account, became a fixture at Chrysler as long as he lived.

• **On His Own**—Getchell started his agency, J. Stirling Getchell, Inc., in 1931, after he and his friend, Jack Tarleton (now of Cunningham & Walsh), decided to strike out on their own. As free-lance copy writers, they landed a fat retainer from Liggett & Myers Tobacco Co., makers of Chesterfield cigarettes.

Then they started picking up their own accounts. DeSoto was first. Later came Socony-Vacuum, which adopted Getchell's idea of dropping eight different trade names, concentrating on one. They also handled Allis-Chalmers, Vick Chemical, and a lot of other fair-sized jobs. But autos and gasoline made up the biggest part of their volume—which hit a peak of $12-million in the best year. In all, Getchell's agency placed $100-million worth of ads.

• **One-Man Show**—After Getchell died, World War II cutbacks of auto and gasoline advertising put the agency in a hole. The choice was either to liquidate at a sure profit or build all over again. Tarleton, who had become president, decided to call it quits.

This confirmed the suspicions of many (mainly competitors) that Getchell's was a one-man agency that would die with him. Fabulous tales about Getchell's personality also helped to build up the belief that only he could lay out a campaign as he wanted it.

• **Spectacular, Wasteful**—There's no doubt he was spectacular. From a business point of view he was wasteful. He burned up talent, made a hundred ads for a campaign that would use six, fired good men on a whim.

Before Getchell, if an agency wanted a picture, a cameraman would take two or three shots, settle for one of those. Not Getchell. One time he put cameras in the hands of a whole crew of photographers, sent them out to take hundreds of shots in the Chrysler factory to get one usable picture. That shot-gun technique is still used today by leading advertising and picture magazines.

Getchell hired foreign-born Ernest Dichter, a psychologist, who told him cigarette ads looked stilted, posed. "Great," he snapped, "take two weeks, go around shooting movies of how



Photo—Oil & Gas Jnl.

'round-the-clock

PROTECTION



New Vented Type EVX Explosion-Proof Lighting Fixture. 10% more light, 30% lighter in weight—cooler operating! Pat. No. 2,530,135



Type FSQX Explosion-Proof and Dust-Tight Plug and Receptacle with interlocking safety switch.



The Appleton Seal-Line Switch Unilet is a combination switch housing and sealing unit. Completely explosion-proof without additional sealing fittings. Pat. No. 2,208,558

Here are conduit fittings and lighting fixtures designed to provide day-and-night protection against the arcs that touch off disastrous fires and explosions in chemical plants, oil refineries, hospital surgeries—wherever explosive or flammable vapors, dusts or gases are present.

Engineered to completely confine the dangerous sparks that lurk in wiring systems, Appleton Explosion-Proof equipment is easy to install and service. And among the hundreds of fittings and fixtures in the complete Appleton Line is an explosion-proof fitting exactly suited to your needs.

No matter what your lighting or wiring problems, Appleton engineers have the background and knowledge to help you to a practical and economical solution. For the finest electrical fittings and fixtures—explosion-proof or otherwise—specify Appleton, supplier to American builders for nearly half a century.

APPLETON

Explosion-Proof Equipment



Safety and service features of the Appleton Type EFU Explosion-Proof Fluorescent Lighting Fixtures make them foremost in design of fluorescent lighting for hazardous locations. Pat. No. 2,392,202

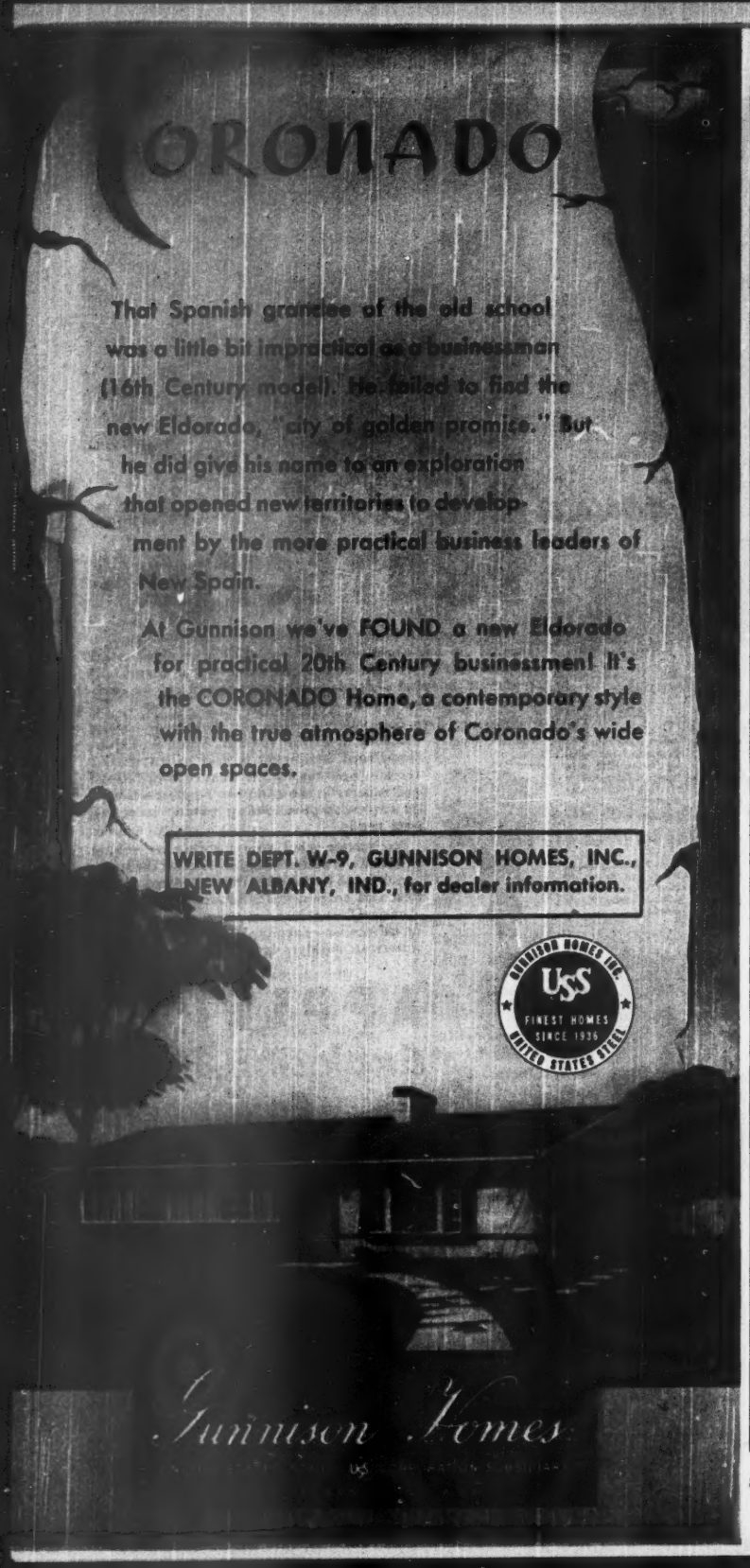
Sold Through Electrical Wholesalers

APPLETON ELECTRIC COMPANY

1780 Wellington Avenue • Chicago 13, Illinois

Branch Offices and Resident Representatives in All Principal Markets

CONDUIT FITTINGS • LIGHTING EQUIPMENT • OUTLET AND SWITCH BOXES • EXPLOSION-PROOF FITTINGS • REELITES



people really look and act when they are smoking."

If an advertiser wanted fast work, didn't mind profane language, and wanted direct action, Getchell was his man. The tough-minded auto people loved it. Others, such as bankers, bolted under his barrage of uninhibited ideas.

The other day a former Getchellite said, "I'm still trying to break myself of the habit of the direct approach that I learned from Getch. Too many clients today want to be pampered. Getch wouldn't do that—not even with the biggest accounts or his own staff."

• **Lived to Work**—Beyond that, Getchell drove himself hard. He slept little, played tennis at a heart-pounding pace, shied away from social events. He couldn't drink to relax (doctor's orders), so he lived mainly to work. It finally killed him.

His ideas were endless. He got them from everybody—a shoeshine boy, an elevator operator, or Walter P. Chrysler.

He fueled his high-speed agency with his own inspiration. When Getchell got excited—as he always did—about a new idea, he infected everyone in the shop. At 5 p.m. the staff cringed when he burst from his office with a brainstorm; an hour later, they were as eager as he was, worked through the night to put it on paper.

• **Manager, Too**—All this helped build the Getchell "one-man" agency legend. Those who worked with him don't deny his worth to the firm, but they insist that he was also an organizer and an executive of the first rank.

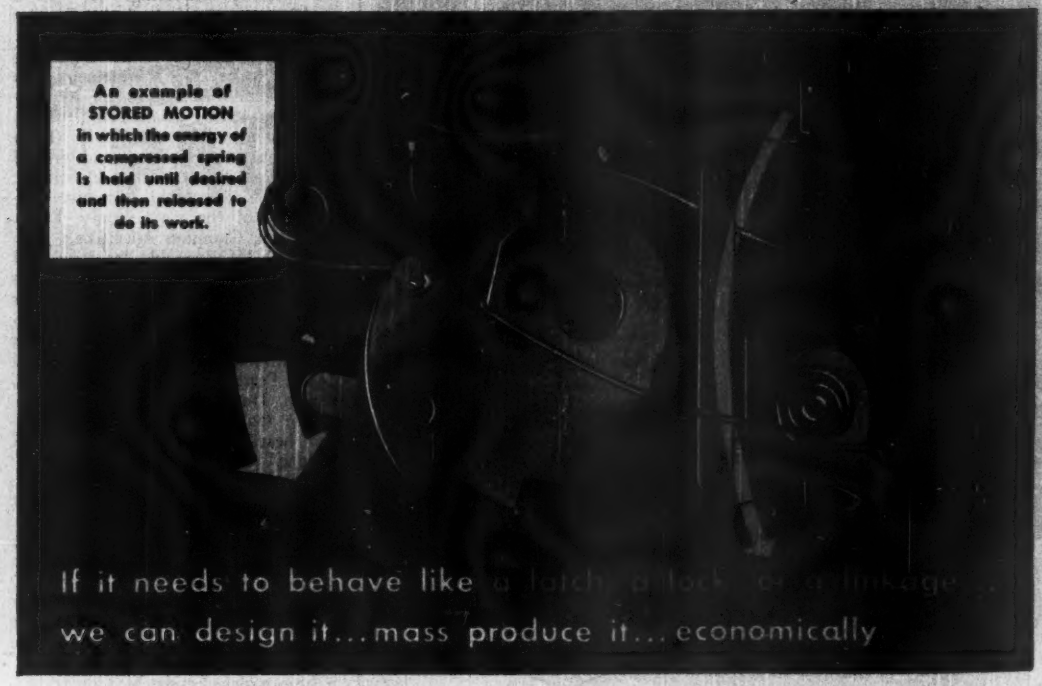
His management ability, they say, equalled his personality. He could organize, he could delegate authority, and he could train men.

He was not only an "ad-maker" whose work had "bounce" and "came off the page fast" (phrases all coined by Getchell), but he made ad men, too. A former crony said Getchell used to yell: "Give me any smart-looking kid, and I'll make an ad man out of him." The agency hired young men, put them in the mail room at $15 a week. Getchell figured if they had the stuff, they'd find their way to the top.

But to speed up the process, he held regular training periods. Getchell would hand out assignments to just about everybody on the payroll, tell them to come back with an ad. Then he would stick the results on a board, call in the staff and start criticizing the copy, applaud the good ones, show where they could be improved.

In addition, Getchell let young brains grind out spot radio commercials; it took dozens a week to fill Socony-Vacuum's air time.

• **Important Graduates**—Out of these classes came the men who today are tops in their field. Says one of them: "You couldn't work three days with-



...WITH STAMPINGS!

Think about your product. Does it need carefully engineered mechanical motion to improve its performance . . . make it easier or safer to use . . . make it more salable? If so, Standard may have something *special* for you.

Our specialty is producing mechanical devices that initiate a force or motion, transmit it, control or check it. We can build a latch, lock or linkage to unusually close tolerances—by STAMPING—to keep the price very, very low. These are reasons why you'll find Standard locks on many of the leading makes of new cars.

If this design experience and careful manufacturing approach suggest a possible solution for your "motion" problem, we would like to discuss it with you. Our new booklet, "We Make Motions", explains our facilities further. Why not write for a copy today?

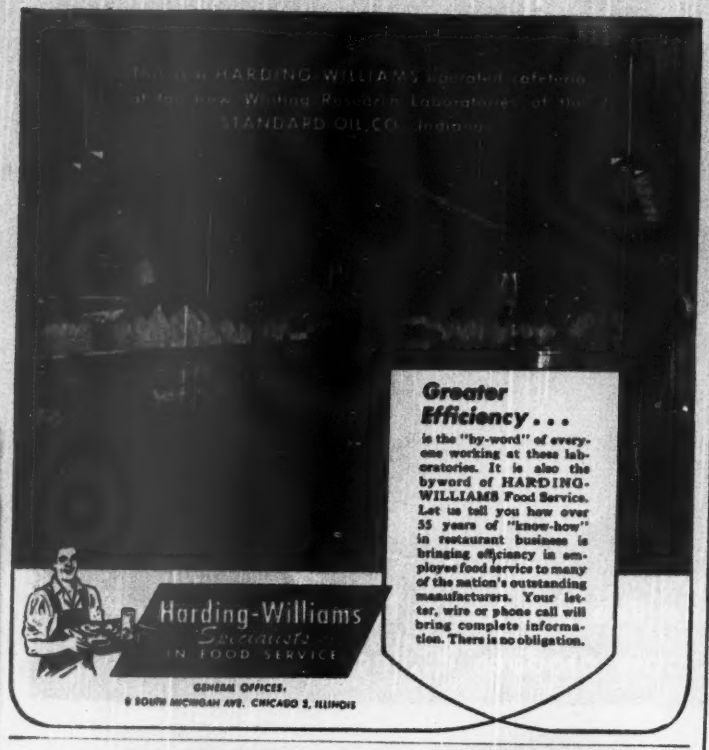


THE REID DIVISION OF *The Standard Products Co.*

THE MARK OF A SUPERIOR PRODUCT

DEPT. A, GENERAL OFFICES: 2130 WEST 110 STREET • CLEVELAND 2, OHIO

WE MAKE MOTIONS





Your New STEEL AGE Desk will get cheers too!

The streamlined beauty of a new Steel Age *Executive* desk always makes it the center of attraction. But best of all, it keeps right on winning the admiration of its owner year after year, for no other desk can duplicate its supreme work ease and comfort . . . nor the genuine *pride of ownership* it inspires. You should see it *today!*

Steel Age

At Leading Office Furniture Dealers from Coast to Coast

CORRY-JAMESTOWN MANUFACTURING CORP.
Corry, Pennsylvania

Master Craftsmen of Steel Office Furniture

out learning something. He ran a sparkling agency, but also a foundry for ad-makers."

If you run down a list of leading agencies today, top management of a lot of them will be Getchell alumni—men who started as mail-room clerks. They're men such as M. P. (Pete) Franceschi, vice-president and general manager at Foote, Cone & Belding; William E. Berchtold, executive vice-president of the same agency; E. G. Nickerson, Compton Advertising, Inc.; Frederick W. Reynolds, Jr., copy chief at Lennen & Mitchell, Inc.; Hans Sauer, vice-president and art director of Lennen & Mitchell; Earl H. (Dutch) Ellis, who handles the Liggett & Myers account for Cunningham & Walsh; and Leslie Pearl, copy writer for Batten, Barton, Durstine & Osborn.

The top of magazine mastheads is also heavily studded with names of Getchell alumni. Gerard Piel, once science editor of Life, bought Scientific American two years ago and made it over, using Getchell ideas. Howard C. Jensen shows the Getchell influence in his art direction of Popular Science Monthly. Getchell-trained George A. Dusenbury is now a consultant to many magazines. Proctor Mellquist, another alumnus, is managing editor of Sunset magazine.

• **Innovations**—Besides his training program, Getchell's management ability showed up in other ways. His production line, for instance, could turn out a full-blown campaign ready to be published—with 25 plates, copy written, all of it laid out on glossy paper—in 48 hours. That speed was never matched.

It stemmed from the fast-changing advertising pace of the era—when auto companies might order fresh material every week.

To get the speed, Getchell made a couple of innovations. One was setting up his own photographic studio. It gave priority to all Getchell jobs, did them in the middle of the night if necessary. It saved money by cutting out commercial photographers' profits.

In addition, he put in one of the first machine bookkeeping systems an agency ever had. He wanted to know "the net" that day, not two weeks later.

Getchell became sick in March, 1940. After that, until it folded because of advertising cutbacks, the agency ran without him. His training had paid off.

• **Ideas Live**—At his peak, Getchell was called in to consult on putting together the 1930's gift to slick magazines—the picture books. He started his own, called Picture, but it failed. Today if you open a copy of Life or Look or see an ad that smacks you in the eye with a headline or a photograph, you are likely to be seeing Getchell's ideas still at work.

A $7,000,000,000 INDUSTRY

PACKAGING



GLASS Containers



METAL Containers



PAPER Containers

• A glass jar may contain anything from olives to antibiotics; a tin can may carry paint or sliced peaches; paper boxes of every type deliver foodstuffs, shoes, pharmaceuticals —an endless parade of America's everyday needs. Millions of packages are required each week. And—on every package—a label or wrapper, securely held by a dependable adhesive, assures both identification and protection.

Glass jars, metal cans, paper boxes—the miraculous machines that make or fill them— the labels, wrappers and adhesives . . . these combine to make Packaging a $7,000,000,000 industry.

Packaging is one of a hundred industries in which Arabol is privileged to serve the leaders. Out of 65 years of pioneering, ten thousand adhesives formulas have been developed in our five laboratories. Arabol Adhesives are now supplied for more than a thousand end uses.

Somewhere in your business, adhesives are required —in the making of your product, in its labeling, packaging and/or shipping cases. *Somewhere near your business* there is an Arabol plant or warehouse ready to serve you.

We invite the opportunity to submit samples for you to test in your own plant—under your particular working conditions—for your specific requirements. That is the one kind of testing that assures you of satisfactory results.

Your inquiry to Dept. 27 will bring a prompt response.

THE ARABOL MANUFACTURING CO.

Executive offices: 110 East 42nd St., New York 17, N.Y.

CHICAGO • LOS ANGELES • BOSTON • ST. LOUIS • SAN FRANCISCO
ATLANTA • PORTLAND, ORE. • PHILADELPHIA • LONDON, ENGLAND



Adhesives?... ARABOL!

65 YEARS OF PIONEERING



DUST IS EXPENSIVE

UNCONTROLLED DUST that 'gets by' old-fashioned floor care . . . *spreads* air-borne bacteria that may cause absenteeism . . . *redeposits* itself in bins, shelves, finished products where it must be removed again . . . *tracks* into clean areas and makes floor surfaces unsightly and insanitary!

WESTONE CONTROLS DUST. Inexpensively. It's an antiseptic floor treatment. Inhibits the growth of certain bacteria right at the source. Loosens and picks-up all dust. Seals surfaces. Holds subsequent dust down for quick, easy removal. Keeps bins clean. Speeds materials handling. Reduces floor maintenance costs up to 50%. As a WEST representative can easily demonstrate. Without charge.

WESTONE is an antiseptic *DUST CONTROL* floor treatment.

Visit our Booth 821 at the Plant Maintenance Show, Cleveland.

WEST DISINFECTING Company

Show me how to save money by controlling floor dust

West Disinfecting Company, 42-16 West Street, Long Island City 1, New York
(64 Branches in the U. S. and Canada)

Gentlemen: I'd like to have a local WEST representative come out and give me a demonstration of Antiseptic WESTONE dust control.

Mr._____ Position_____

Company_____

Address_____

City_____ Zone_____ State_____

Bonus Yardstick

Libbey-Owens-Ford uses a far-ranging rating formula to figure out just how much each salesman should get in extra pay.

This is the season when a lot of managements are scratching their heads over how much bonus, if any, their salesmen are worth. Not so Libbey-Owens-Ford Glass Co., in Toledo. LOF has reduced bonuses to a scientific formula.

LOF has gotten rid of the guesswork for several years by using a 10-item rating chart. Filled out by his immediate superior, it covers everything from a man's handling of his personal finances to what he knows about the company's products. Highest possible rating is 100; anyone scoring under 60 gets no bonus. Different items on the chart have different maximums: 15 is tops for some, others can produce as little as five.

• **Base Figure**—LOF starts in with a base figure for the man whose rating is equal to the average of his group. In 1950, the company will pay 12½% of his salary for this average mark. If the man rates above (or below) average, the company adjusts the bonus according to the difference between his rating and the average. The difference figure is doubled, and the following formula applied, taking 80 as average.

(1) For a rating of 90.

80 (average) + 20 (10 x 2) = 100; 100 ÷ 80 = 125%. 125% of 12½% is 15.6% of salary.

Thus a salary of $4,000 adds a $624 bonus.

(2) For a rating of 70.

80 (average) – 20 (10 x 2) = 60; 60 ÷ 80 = 75%. 75% of 12½% is 9.4% of salary.

Thus a salary of $4,000 adds a $376 bonus.

Along with the bonus check, management sends New Year's greetings—and a breakdown of the salesman's rating. Here are some sample ratings that might greet the salesman's pleased (or horrified) eyes:

• Knowledge of company products, etc.: Familiar with routine matters. Requires help frequently. Score: five points out of a possible 15.

• Ability to plan and organize work: Exceptional ability. Score: nine points out of a possible 10.

• Relationship with the trade and other company employees: Works well with others. Favorable impression. Score: 10 points out of a possible 15.

• Personal appearance: Not particularly neat. Two points out of a possible five.

CHARITIES

Please Mail It To...

Charitable organizations' direct mail appeals pay off. Longer list of donors offsets smaller individual gifts.

More and more charitable organizations are turning to a new and highly successful formula for raising funds—direct mail appeal.

For years, institutions have relied on tried-and-true methods to swell their coffers: They've induced a few wealthy persons to make large contributions or have secured the cooperation of employers to solicit donations from their employees. Now they're finding that direct mail drives pay off.

• **Impetus**—Back in 1907 the National Tuberculosis Assn. pioneered this technique with the mailing of its Christmas seals. In that year, donations were $3,000; rose to $5,546,000 by 1929; dropped off during the depression; bounded to $20,154,000 in 1949. NTA credits 96% of the take to its direct mail campaign.

Recently, other organizations have seized upon the plan with comparable success. They include Father Flanagan's Boys Town, Disabled American Veterans, National Society for Crippled Children & Adults, the National Foundation for Infantile Paralysis. And many hospitals are following suit.

• **Psychology**—Direct mail appeal has certain advantages:

• It leaves the amount of the donation, if any, to the individual's conscience. There is no pressure by solicitors or by an employee's business superior. Fund raisers feel that this puts the donor in a better frame of mind, makes him more susceptible to later appeals.

• A campaign can be conducted as often as seems advisable, isn't limited to annual drives or organization buildup. (Father Flanagan's Boys Town runs two mail drives a year.)

• It can be timed to good advantage. National Tuberculosis counts heavily on the Christmas spirit to promote sale of TB seals. National Society for Crippled Children & Adults has Easter seals.

Individual mail donations don't run so high as those obtained by personal solicitation. But the number of donors is larger.

Some organizations offer a token gift to contributors. DAV has a miniature auto tag for car owners. By no coincidence, their annual campaign hits the



means greater dependability for your products

Obviously we don't bend steers. But, bending steer*hide* leather is an important, though simple, preliminary Sirvis test. By flexing leather back and forth, the quality of its fiber structure is determined. Other, more complicated procedures ascertain tensile strength, hardness, water and oil resistance, and other specific qualities. The point is that all Sirvis leather parts are carefully checked at every stage of manufacture to assure you of complete dependability when they are installed in your mechanisms. Therefore, when you need mechanical leather packings, boots, diaphragms or other seals, investigate Sirvis. Solving critical sealing and protection problems has been Chicago Rawhide's specialty for seventy-two years and includes the development of oil seals and synthetic rubber products. C/R will welcome the opportunity to study your needs.



CHICAGO RAWHIDE MANUFACTURING CO.
1231 Elston Avenue • Chicago 22, Illinois

Skylines... by Otis

Buffalo offers industry a strategic location for economic distribution. More than 65 million people—almost half of the population of the United States and nearly 70 per cent of the population of Canada—live within a radius of 500 miles from Buffalo. This market is served by a mighty network of transportation. It can be supplied overnight by rail or highway; in two hours by air; or by water through the Great Lakes and the New York State Barge Canal. Buffalo also offers industry access to unlimited raw materials, gas, electric power and friendly labor. Otis, long ago, became a citizen of "The City of Good Neighbors" and a friendly adviser to the businessmen who have built its skyline.

GREATEST GIFT OF ALL

Once again at Christmas, pay grateful homage to Miss Liberty. And if possible, visit her high-held torch of freedom. An Otis elevator will make the first ten stories of your ascent effortless.



MODERNIZED



5 + AUTOTRONIC = 6

5 Otis AUTOTRONIC Elevators, with electronic group supervision, will replace 6 manually operated cars in the Marine Trust Company Building, Buffalo. Here again, Otis Autotronic elevators will demonstrate the fact "that Otis elevators outperform all others."

HOW'S SANTA DOING?

Getting around your store in fine style? He should be! Otis maintenance is keeping vertical transportation systems in more than 2,500 retail stores everlastingly on the job during the Christmas rush —and all year 'round, too! Want the details?



Otis **ELEVATOR COMPANY**

Home Office: 260 11th Ave., New York 1, N. Y.

public at the time in each state when new license plates are issued.

• **Operation**—Institutions either handle their own mailing or farm it out to companies that specialize in mailing and in supplying mailing lists. Probably the biggest operator in this field is Reuben H. Donnelley Corp. of Chicago. Donnelley mails, or assists in mailing, about 100-million appeals a year. The company estimates that the number of its fund-raising mailings has increased fivefold over the past 10 years.

Donnelley's basic list for charities is the auto owners' list. This is national, includes 25-million names. It can be divided geographically, so is useful for local drives, as well as national. Donnelley figures that this list is superior, since auto owners spend a lot on their cars, hence are considered free spenders. Also, car owners' lists hit rural areas that phone owner and credit customers' lists wouldn't reach.

• **Case History**—Small institutions, too, find that direct mail appeal can pay off. Here's the story of one drive:

An orphanage in Iowa wanted to expand. It was supported largely by religious groups and received no grants from the state, Community Chest, or other sources.

At Donnelley's suggestion, it mailed 150,000 appeals to people in 50 surrounding counties. Initial cost was $13,000—a little over 8¢ apiece. The orphanage got back $8,500, so it apparently lost $4,500 on the deal. The money was received from 10,000 people who never had contributed to the orphanage before.

The following year, a mailing was made to these 10,000 donors. The cost: $500. The orphanage received $7,000 in gifts. Three-fourths of the 10,000 gave the second time.

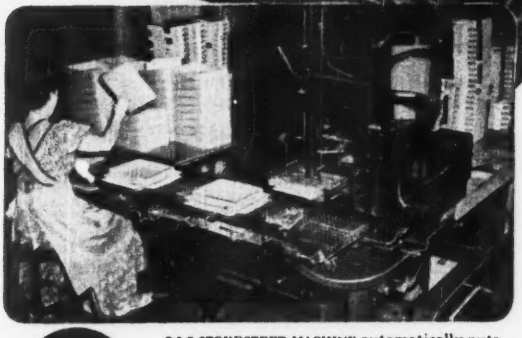
So in two years, the orphanage had its mail campaign on a profit basis. It had acquired a list of 10,000 potential donors.

• **Cost**—Cost of a mail campaign usually runs around 5¢ per name, higher for smaller drives and in cases where an item is offered for sale. Returns are about 25¢ for each nickel of mailing cost. The most successful drives, of course, are those involving charities whose name already is familiar to the prospective donor.

• **Top Heavy**—As more organizations climb on the bandwagon, some fund raisers fear that they will overplay their hands. There is a limit to the number of appeals a person can answer. As mails become more and more loaded with these appeals, the tendency will be for even the most philanthropic to toss most appeals in the wastepaper basket. Or he will limit his contributions to those particular charities in which, for one reason or another, he has a personal interest.

You're mistaken...it's paper





S&S STOKESFEED MACHINE automatically puts on finishing paper wrap, handling up to 2,000 boxes an hour. Other S & S packaging equipment is designed to wrap cartons, form, fill and seal bags and envelopes –handling a variety of powders, granular and paste-like products.

Send for free booklet . . . "Know Your FMC's" available on request.

When you think of a cigar box, your first thought is—*it's wood.* But, like a host of other present-day products, many popular brands of cigars are packaged in strong durable ***paperboard*** boxes, which protect their original factory-fresh quality.

Today, nearly every type of paper box you can name, from a tiny jewelry container to a large shoe or textile box, is skillfully produced on expertly engineered S&S "set-up" paper box making machines. From the many advancements contributed to modern packaging, FMC's Stokes & Smith Company enjoys a position of 50 years of leadership in this field.

FOOD MACHINERY AND CHEMICAL CORPORATION

EXECUTIVE OFFICES: SAN JOSE 6, CALIFORNIA

PUMPS AND WATER SYSTEMS
PEERLESS PUMP DIVISION

INDUSTRIAL CHEMICALS
WESTVACO CHEMICAL DIVISION

INDUSTRIAL CASTINGS
MECHANICAL FOUNDRIES DIVISION

PACKING HOUSE & PROCESSING EQUIPMENT
PACKING EQUIPMENT DIVISION
FLORIDA DIVISION

AUTOMOTIVE SERVICE EQUIPMENT
JOHN BEAN DIVISION

PACKAGING & PAPER BOX EQUIPMENT
STOKES AND SMITH COMPANY
Subsidiary of FMC

CANNING & FREEZING EQUIPMENT
ANDERSON-BARNGROVER DIVISION
SPRAGUE-SELLS DIVISION

FIRE FIGHTING EQUIPMENT
JOHN BEAN DIVISION
JOHN BEAN WESTERN DIVISION

AGRICULTURAL INSECTICIDES & FUNGICIDES
NIAGARA CHEMICAL DIVISION

AGRICULTURAL EQUIPMENT
JOHN BEAN DIVISION
BOLENS PRODUCTS DIVISION
JOHN BEAN WESTERN DIVISION





The Foxboro Company "before and after," installation of Hauserman *Movable* Steel Interiors.

"Hauserman Movable Steel Interiors unquestionably have increased departmental production and efficiency"

Henry O. Ehrisman, Assistant General Sales Manager, The Foxboro Company, Foxboro, Mass.

"The actual results obtained since our Hauserman *Movable* Steel Interiors were installed have surprised and more than pleased us" continues Mr. Ehrisman. "Actually, we now accommodate more people in the department than before the partitions were installed. The various units have their own offices, and enjoy privacy such as they never had before. Dictation and telephoning are easier. Group conferences, on one engineering problem or another, occur frequently throughout the day, without interruptions and without disturbing other persons working nearby.

"The partitioning has unquestionably increased the sales department's production and efficiency, and has made the day's work easier and pleasanter for everyone. To these benefits should be added the fact that the fourth floor now has a far more neat and attractive appearance than it ever had in the old days. Visitors stepping off the elevator seldom fail to express their very favorable impression of our modernized, good-looking, business-like office arrangements."

"Before and after" photos of the Foxboro sales department are shown above. These Hauserman *Movable* Steel Interiors can be quickly and easily moved whenever new operating plans require changed floor layouts. And whenever Hauserman Walls are relocated, all units are completely utilized.

Ask the nearest Hauserman office or representative to help you adapt Hauserman advantages and efficiencies to your particular floor layout requirements. Or write *The E. F. Hauserman Company, 6924 Grant Avenue, Cleveland 5, Ohio,* for our fully-illustrated 60-page catalog.



Organized for Service Nationally Since 1913

HAUSERMAN
Movable Steel Interiors

Partitions • Wainscot
Railings • Acoustical Ceilings
Complete Accessories

COMPANIES



GREETING CARDS, mountains of them, are run off on hand press at Hallmark plant.

Merry Xmas—3-Billion Times

That's the number of cards Americans are sending each other this year. The Hallmark company produces a sizable slice of the supply, along with greetings for just about every occasion.

Tottering, footsore postmen are delivering something like 3-billion Christmas cards to Americans this year—or so the greeting card industry hopefully estimates.

That's a lot of Christmas cards, about 75 for each U. S. family. And it takes a lot of industry to produce the cards. The figures get really full of zeros when you realize that Christmas cards make up a mere fourth of all the greeting cards that Americans zestfully mail to one another. The greeting-card people are coy about figures, but a good estimate is that the industry does approximately $200-million a year in business.

• **Big Time**—Biggest fish in this sizable industrial pond is the Hallmark company of Kansas City, Mo. For a guess, Hallmark distributes about twice as many cards as any other firm in the business, around a million cards a day.

That's a good big slice for an industry that is extraordinarily diversified. About 70% of all cards are handled by small operators and door-to-door sellers.

The whole industry is growing like a St. Bernard pup; total sales have at least tripled in the last 10 years. Hallmark itself offers an especially vivid figure: The increase in business this year alone is greater than total sales in 1935.

• **New Store**—In keeping with this growth, Hallmark opened a new and fancy retail store in Kansas City this month. Mostly, though, the company does its business through independent stores and dealers operating all over the country.

The store is giving a big play to a new Hallmark line: the exclusive card reproduction of the works of an obscure British painter named Winston Church-



The 1951 Dartnell
PERSONAL RECORD BOOK

Here is a de luxe personal desk book for you which combines the functions of a diary, appointment book, and private financial record all in one, plus special charts and pages of business data which will save you hours throughout the year. Published each Christmas for thirty years, it is the choice of America's top-flight executives and high Army and Naval officers who prefer it because it is the finest personal desk book of its kind in the world. Each Personal Record Book is bound by hand in fine imported leather. Printed on superfine paper, size 5 by 8 inches. The 200-page Diary Section is ruled off by hours as well as days and provides generous writing space. The 200-page Data Section includes sections for Income Tax Deductions; Stocks, Bonds, Insurance Records; Stock Market Price Ranges; Mark-Up and Discount Tables; Railroad, Air Fares; Best Hotels in Principal Cities.

Individual name can be stamped in gold on the Personal Record Book for 30 cents additional charge.

Price $5.50

A Superb Business Remembrance

Order one of these de luxe Personal Record Books for your own use—you will be delighted with it. Then consider buying a quantity to give as your business remembrance this year to customers, friends, colleagues. These books will be appreciated and used every day throughout 1951.

PLACE YOUR ORDER NOW

The Dartnell Corporation

Automatic
PACKAGE
WRAPPING



HAYSSEN-WRAPPED

Hayssen
ELECTRIC EYE WRAPPING MACHINES

Fully automatic . . . high production, low cost . . . Electric Eye registration . . . 40 years' experience.

Write for further information, technical packaging help, and name of your Hayssen representative.

HAYSSEN MFG. COMPANY
SHEBOYGAN, WISCONSIN

Greatest PORTABLE of them all!



AMPEX
MAGNETIC TAPE RECORDER
15,000 cps • 7½ inches per second
HALF TRACK!

- Extended range 15,000 cycle half-track recording at 7½ inches per second.
- Incredible performance that equals or exceeds most full-track 15 i.p.s. recorders.
- Saves 75% on tape by combining 132 min. of recording on a single 2400-ft. N.A.B. reel.
- Can be furnished with Single Track Heads.

Write for Complete Specifications and Control Arrangement

AMPEX ELECTRIC CORPORATION
San Carlos, California



BIG-TIME PAINTINGS are reproduced on Hallmark cards. This layout conference is working on a Grandma Moses landscape. Art cards are big sellers.



IDEA MAN, dreaming up a slogan, discards one thought, gropes for another.

ill—better known for his political and literary activities.

• **High-Brow and Low-Brow**—Art reproduction plays an increasing role in Hallmark cards. The paintings of Grandma Moses and other contemporary painters are featured.

These high-brow cards sell rapidly, but not so well as more gadgety productions. For example, this year's top number is the Magic Money Tree, a novelty card in which $1 in dimes can be inserted.

Surprisingly, American taste in cards varies but little in different parts of the country. The Suth'n Kunnel and the Yankee trader seem to like the same greetings. Sales volume stays pretty well in proportion to population. San Francisco tops other cities in per capita sales; Nevada and Washington are the liveliest state markets on a person-for-person basis.

• **Early Years**—The Hallmark company got into the card swim in 1910, when Joyce Hall (cover) came to Kansas City, with the ripe experience of 17 years on earth, during which he had accumulated $3,500 in capital. Hall started in the post-card business, but shifted in 1915 to greeting cards. By 1920, he had been joined in the firm by his brothers William and Rollie.

Meanwhile, the infant company was just beginning to get its nose above a sea of red ink in 1917 when a fire wiped out its entire plant and stock just as the busy fall season was getting under way. Joyce Hall proceeded to pass a few miracles, building up replacement stock overnight.

At that point, World War I set the company firmly on its feet. Wars, it seems, are times of extra effort in the card-mailing world. Once started, Hallmark gained steadily.

• **Still Boss**—Today, 35 years after he made his first greeting card, Hall is still very much the boss of the company. It was his initiative that launched it into big-scale advertising, finally climaxed by a radio network show. Before Hall's time, cards got no advertising, weren't even displayed in stores. Hall pioneered display racks and finally developed a rack that doubles as storage space and practically does its own bookkeeping.

The boss does more than global thinking, he's a stickler for detail. Eating late one day in the company cafeteria, he noticed that 20 pieces of cherry pie were still unsold. That seemed wasteful; he ordered a poll of employee preferences in pie. Thirty different kinds of pie got votes, but cherry won in a breeze.

Hall's solution of the leftover problem: Pies now are cut only as needed. Unsold whole pies are peddled to employees at cost.

A Strange Way to Win Friends...



Poking Into Other People's Business

A lot of Atlas time and money is spent on *creative* curiosity—tackling a customer's problem on his home grounds. And this kind of curiosity has sparked many an Atlas contribution to improved methods and lower costs in the many industries Atlas serves.

An example? The ROCKMASTER Blasting *System*, often credited with lifting the standards of the entire industry.

Merely supplying industrial explosives and blasting supplies is not enough. Atlas technicians "poke their noses" into quarries, mines, strip pits, and construction jobs seeking ways to help blasters. They originated a new concept of blasting—the ROCKMASTER Blasting System. The big idea is the *System*.

In ROCKMASTER blasting, drill holes filled with explosives are made to fire at controlled thousandth-of-a-second intervals instead of all at once. *Sixteen* intervals are available. The ROCKMASTER Blasting System means the right drill pattern, the right explosives, and the right milli-second detonators to fit a particular job. The result: lower costs for quarrying, mining, and construction.

Such developments are the result of Atlas work for and with the customer on the problem of holding down costs while improving quality. If the things *you* make are in the range of Atlas activities, our technical and engineering staffs are at your service.

ROCKMASTER: Reg. U. S. Pat. Off.

ATLAS POWDER COMPANY
WILMINGTON 99, DELAWARE
Offices in Principal Cities

Industrial Explosives • Industrial Finishes • Laundry Covers • Acids
Activated Carbons • Hexahydric Alcohols • Surface Active Agents

America's Road to Victory

. . . Let's Increase Production

This is the time to speak out—now—at the beginning.

Our industrial program for re-armament is getting off on the wrong foot.

The talking and writing about it emphasize the wrong things.

Its headline words are "cuts" and "controls."

Those words make bad propaganda for the cold war.

"Cuts" and "controls" are no words to challenge the imagination and energy of our own people. They won't impress the masters of the Kremlin. And they can only make it appear to the rest of the world that America thinks it can defend the free way of life by abandoning it.

America stands as the world's champion against aggression because America has become the most powerful free nation in the world.

How did we get that way?

Not by putting ceilings on wages; not by rationing or clamping iron-clad government controls all over business and industry.

To be sure, some temporary controls are necessary to channel very scarce materials speedily to use for defense. So, too, are special taxes and credit restrictions needed to combat inflation. But they will be fatal if they blind us to this fact:

We became the strongest nation in the world by out-producing every other nation.

Production—The Final Answer

Next year our government is planning at least a $40 billion military program. Instead of planning only on controls to divert $40 billion of production from the making of civilian goods to the making of military supplies, we should be figuring out also ways to push up total production.

Of course, our industrial plant is running at close to "capacity" now. And our labor force has reached almost full employment. There isn't much slack to be taken up.

Can even the United States add a $40 billion miracle of production on top of what it is already doing?

Our answer is "Yes"—and within two years. It can be done by adding about $6 billion each year to our program of capital investment which now runs about $22 billion a year.

Part of this added production will come from expanding our industries. The steel companies, for example, already have plans to increase their capacity almost ten per cent in the next two years.

But by far the largest part of that $40 billion of added production must come from higher productivity—raising industry's efficiency.

continued on next page

To meet our goals we need to raise our productivity five per cent a year.

Can it be done?

The answer is an emphatic "Yes."

Raise Industry's Productivity

McGraw-Hill's studies of industry's equipment show that there are countless opportunities for improving efficiency. Our manufacturing industries alone need at least $35 billion of new equipment to raise their facilities to first class technical standards.

Here are some of the broad possibilities reported by the trained editors of McGraw-Hill's business magazines:

In many manufacturing plants as much as 40 per cent of workers' time goes into moving materials and parts—shifting things about within the plant between processes and to and from shipping platforms.

FACTORY estimates that improved materials handling equipment and methods might well cut handling costs twenty-five per cent and save annually over 650,000 man-years of unnecessary labor.

Modern machine tools designed since World War II are 40 per cent more productive, on the average, than is old equipment. But AMERICAN MACHINIST surveys show that 95 per cent of industry's machine tools are of designs at least ten years old. Replacing them could raise productivity of the metalworking industries at least ten per cent—enough to absorb a major share of the metalworking industries' part of the defense program as now planned.

In coal mining, latest equipment and methods can raise productivity sharply. The editors of COAL AGE estimate that production of bituminous coal could be raised from seven tons per man-shift to ten within three to five years.

Many new textile production techniques are 50 per cent to 75 per cent more efficient than those in use now. If plants could be fully modernized, and full use made of latest management methods, TEXTILE WORLD estimates that output-per-manhour would rise 20 per cent. *A FOOD INDUSTRIES study indicates that modern equipment plus the best management techniques could raise productivity in food processing at least 20 per cent.*

These are just some of the opportunities that industry can seize and by which the nation can profit.

A Nation-Wide Effort

Of course, industry itself can't do the whole job. Labor, government and all the rest of us must cooperate.

Government's part is to see that its emergency controls are so applied that they will increase productivity and thus make possible an early lifting of such controls.

Labor's part is to help in the development of labor-saving methods and machinery and to welcome their adoption as the only sure way of continuing to advance the American standard of living while maintaining the American free way of life.

For all of us the job is to work constantly for an expanding, ever-stronger America with constantly growing productivity; not a pinched and shackled America cooped up under wage and price ceilings and tied to a ration card.

Challenge to Industry

Here is a sharp challenge to industry to study the best work-methods that are being reported—to use every minute and every dollar it can to replace obsolete equipment.

Here is a sharp challenge to government to do everything within its power to make its control policies and its fiscal policies strengthen the incentives to industrial modernization—to demand sacrifice for a purpose and not for effect.

The job to which such opportunities point will take time—though nothing holds back adoption of some of the simpler improvements in work-methods reported in business magazines all the time.

But increasing production is our one best hope that we may be spared the full array of price, wage and production controls now and be freed eventually from all controls.

General Omar Bradley has said that the protection of our national independence calls for "long-range commitments that we are willing to carry out."

A long-range commitment to fight this battle for peace with America's most powerful weapon—industrial productivity—is the surest guarantee of victory for the free world.

Let's make that commitment—now—at the beginning.

McGraw-Hill Publishing Co., Inc.



Hard-to-hold

LPG

is an easy assignment for this revolutionary non-lubricated valve

Liquefied Petroleum Gases, such as butane and propane, are rough on ordinary valves . . . particularly those valves which depend on a lubricant for a tight seal. These light hydrocarbons have an affinity for valve lubricants, and once the lubricant is dissolved by the butane or propane the line product is not only contaminated but the valve no longer effects a shut-off.

LPG is one of a number of the difficult industrial services where Cameron NON-LUBRICATED Lift-Plug Valves have turned in an outstanding performance. This valve is unique in that its seat is separate from the valve body. Line pressures tend to improve rather than destroy the geometry of the fit between the seat and plug. Obviously, the separate seat feature permits any desired trim. And, the valve may be completely overhauled without removing it from the line.

Send today for literature on this truly remarkable valve. It may be the answer to your valve problem, too!



Cutaway view, showing separate renewable seat and plug actuator which lifts, turns and seats plug in ¾ turn of the operating lever.

Cameron

IRON WORKS, INC.

P. O. Box 1212, Houston, Texas

TRANSPORTATION



1 PACK IT Warehouse worker stows an item into Speedbox. The aluminum and steel container is designed to hold an entire less-than-carload order.

Speedbox Eases Shipping Pains

Missouri Pacific container cuts packing costs and damage claims on l-c-l orders. There's no separate wrapping; the warehouser loads it up from shelves. He pays no freight on weight of box.



3 SHIP IT Towmotor tractor hauls Speedbox to freight car. Boxes travel only on Missouri Pacific and Texas & Pacific lines.



2 LOCK IT MoPac seal ties it all up. Now it's ready to be weighed.

The Speedbox is Missouri Pacific R.R.'s gift to the company that ships in less-than-carload lots. The road owns them, farms them out to shippers free of charge. The object is to cut shipping costs, lessen damage.

The Speedbox is an aluminum affair, reinforced with steel. It's mounted on casters. Standard sizes run 48 x 48 x 34 in. or 48 x 48 x 40 in.—big enough to take care of a customer's entire order.

When the order comes, the shipper just wheels his Speedbox down the line of bins in his warehouse, picks out the goods to be sent. He has no individual wrapping to do; the items travel in the packages they're stored in.

When the box is all stocked up, the shipper seals it with a seal that MoPac has issued to him. The box isn't opened till it gets to the customer.

• **Cuts Claims**—One user, Cash Wholesale Co. (pictures), Little Rock, Ark., loads 25 to 40 Speedboxes a week, says they have cut damage claims substantially.

MoPac charges no freight on the weight of the box, just for the contents. For that reason, Speedboxes right now travel only between points in Missouri, Arkansas, and Tennessee. This is the only area so far in which the road has permission to absorb freight on the boxes. Eventually, MoPac hopes to use its container over its entire system.

"This phenolic drawer bearing rolled costs back when we scrapped habit-itis"

says
WENDELL L. SMITH
Exec. Vice President
A-B Stoves Division
Detroit-Michigan Stove Co.



Sturdy, silent stove drawer bearings molded of Monsanto Resinox by The W-L Molding Company, Kalamazoo, Mich., for A-B Stoves Division, Detroit-Michigan Stove Company.

Phenolic plastic bearings molded of Monsanto's Resinox are now replacing metal rollers in the sliding drawer on A-B stoves because:

The new bearings are mass-molded with metal insert included in one operation that requires no additional machining or finishing. They are free-rolling and, with graphite built right in, need no lubrication. Excellent dimensional stability and high impact-resistance of Resinox and its resistance to heat up to 490°F, more than meet all the requirements. Customers like the quieter, easy operation of the new stove drawers.

It adds up to: lower production costs and higher customer satisfaction.

These advantages—in just one product—are but a few of the many that Resinox offers. And Resinox is but one of many Monsanto plastics, each possessing its own special properties that are already being applied to hundreds of products in scores of industries. It will pay *you* to investigate Monsanto plastics—and learn how they can improve *your* product, or cut production costs, or add sales appeal. Write Monsanto *today*—or use the handy coupon.

Resinox: Reg. U. S. Pat. Off.

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CHEMICALS—PLASTICS
SERVING INDUSTRY... WHICH SERVES MANKIND

MONSANTO CHEMICAL COMPANY
Plastics Division, Dept. BP 13, Springfield 2, Mass.

Please send me information on Monsanto Plastics. My product is _____

Name, Title _____

Company _____

Address _____

City, Zone, State _____

ENTERTAINMENT



MUSICALS, such as adaptation of Damon Runyon's "Guys and Dolls", are packing the theaters for months ahead.

On Broadway: More Shows, More Hits

Producers gamble on high-cost musicals, hedge with proved plays from London. Tickets are just as tight as last year.

There are a few more shows and many better shows this season than last on Broadway's legitimate theater circuit. That should be welcome news to businessmen who hope to take in a hit when they come to New York. But just as last year (BW—Nov.19'49, p31), they had better do their planning well ahead—or be prepared to pay plenty. The ticket market is still mighty tight.

Counting a theater-in-the-round revival of Shaw's "Arms and the Man," there are 26 shows on Broadway this week. The percentage of hits so far has been the highest in many years.

I. Patterns on Broadway

Running over the list of new productions, two patterns stand out. One is the number of London imports—eight, so far. The other is the emphasis on musicals—five new productions, including four hits. A third, less obvious but significant development this season has been the generally effective effort to curb production and operating costs, despite steadily rising prices.

• **Looking to London**—There's one obvious explanation for the unusual number of British plays brought to Broadway. With the odds stacked so heavily against successes, producers are trying to insure themselves with a proved commodity. So they look to London, where the financial encouragement of the Arts Council of Great Britain, plus a surge of playwright and director talent, has brought about a stage renaissance.

This invasion of Broadway has brought not only two of the season's outstanding hits—"The Lady's Not for Burning," by Britain's new fair-haired dramatist-poet, Christopher Fry, and Lesley Storm's "Black Chiffon"—but also some of the top stars of the English-speaking stage, at least one gifted director, Peter Brook, and a top designer, Oliver Messel. The stars include John Gielgud, Pamela Brown, Flora Robson, Dame Edith Evans, Cecil Parker, Cyril Ritchard, and Valerie Taylor.

This influx of foreign actors has aroused some resentment among the Actors Equity members, who see it as depriving them of already-scarce jobs.

• **More Musicals**—Perhaps inspired by the unprecedented popularity—and profits—of "South Pacific," "Kiss Me, Kate," and "Gentlemen Prefer Blondes," Broadway seems increasingly bent on plunging on the big gamble of song-and-dance shows. Miraculously enough, it's paying off, with five probable hits out of six musicals that have been produced so far.

• **Committee on Costs**—Probably the principal factor in the effort to hold down production and operating costs has been the work of the Committee of Theatrical Producers. The most influential aspect of the committee's effort has been to focus attention on the cost problem and thereby bring about more strenuous efforts to curb extravagance. By planning further ahead, pool-



They had to think around a corner

The inventor of the periscope literally thought around a corner . . . just as Armco Research Technicians had to *think around a corner* in developing a special zinc-coated steel that manufacturers could form into sharp corners without breaking the protective coating.

This Armco Special-Purpose Steel is known as ZINCGRIP. Its tightly adherent zinc coating stretches with the steel in forming, leaving no bare corners for rust to attack.

Manufacturers use Armco ZINCGRIP to build better value into such products as home freezer cabinets, laundry dryers, air conditioning equipment and many other products. For painted products they use Armco ZINCGRIP-PAINTGRIP, Bonderized at the mill to take and *hold* paint.

Armco Steel Corporation has been the leading producer of special-purpose sheet steels for over half a century. Besides ZINCGRIP, Armco Steels include ALUMINIZED, which reflects heat and resists heat damage at relatively high temperatures; durable Armco Stainless Steel; and Armco Enameling Iron.

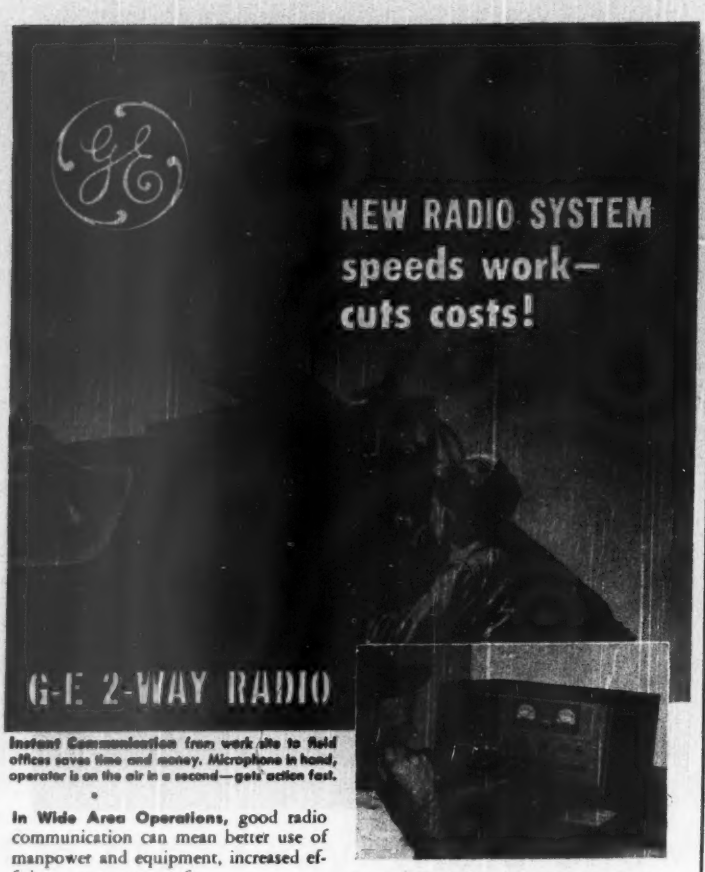
Manufacturers know that the *one right kind* of steel helps to make better, more salable products. They also know that the famous Armco trademark carries weight with buyers of steel products.

50th ANNIVERSARY SPECIAL PURPOSE STEELS

ARMCO STEEL CORPORATION

HEADQUARTERS AT MIDDLETOWN, OHIO, WITH PLANTS AND SALES OFFICES FROM COAST TO COAST • THE ARMCO INTERNATIONAL CORPORATION, WORLD-WIDE

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Instant Communication *from work site to field offices saves time and money. Microphone in hand, operator is on the air in a second—gets action fast.*

In Wide Area Operations, good radio communication can mean better use of manpower and equipment, increased efficiency, more net profit.

You Can Beat Time Lag and cut overhead with a General Electric 2-way radio system. Send and receive voice messages instantly—from fixed stations to vehicles on the road, or car-to-car in motion. Here's job control at your fingertips . . . at 5 miles or 40 miles . . . from your desk, car or home. Remember, General Electric's FM beam rides above static, is unaffected by weather and rough terrain.

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EXAMPLES? You'll find G-E radio communication systems paying their way in—

Taxi fleets • bus and trucking companies • public service companies • police and fire departments • emergency vehicles • petroleum and natural gas industries: drilling, pipelining, distribution • lumber and logging • ranch and farm operations.

HOW MUCH IS *Instant Communication* WORTH TO YOUR BUSINESS?



General Electric Company, Section 1120-16
Electronics Park, Syracuse, New York.
I'm interested in better communication for my business.
Send me FREE BOOKLET on G-E 2-way radio.

NAME .....

TYPE OF BUSINESS.....

ADDRESS.....

CITY.....STATE.....

GENERAL ELECTRIC

ing resources, and just refusing to pay unreasonable prices, production and operating costs have been held within bounds and in some instances even reduced.

• **Ticket Terror**—The problem of theater tickets is still far from solved. A year and a half ago, aroused by flagrant black market conditions, particularly involving "South Pacific" tickets, the then New York City Commissioner of Investigation, John M. Murtagh, launched a probe of scalping. He got numerous headlines and actually revoked the licenses of some 30-odd ticket brokers.

Today conditions are about as they always were, with one or two additional complicating factors. There are apparently just as many scalpers in business as ever, and prices are still ludicrously high for last-minute orders for down-front seats at the principal hits.

• **Subscription Clubs**—In the last year or so a new phenomenon has arisen in the Broadway scene—the subscription club. About half a dozen such organizations are now in existence. By far the largest—and most aggressive and controversial—is Show-of-the-Month Club, with a claimed membership of about 15,000. In addition, the last few seasons, particularly since the unprecedented conditions created by "South Pacific," have seen a huge increase in the volume of mail orders for tickets.

• **Broker**—That doesn't mean tickets are unobtainable. Brokers always have a few for even the most-in-demand shows. But brokers are understandably eager to make maximum profit in a business where merchandise is strictly limited, volume is relatively small, and risks are great. So they save "tight" tickets for favored clients or let scalpers peddle them quietly for what the market will bring.

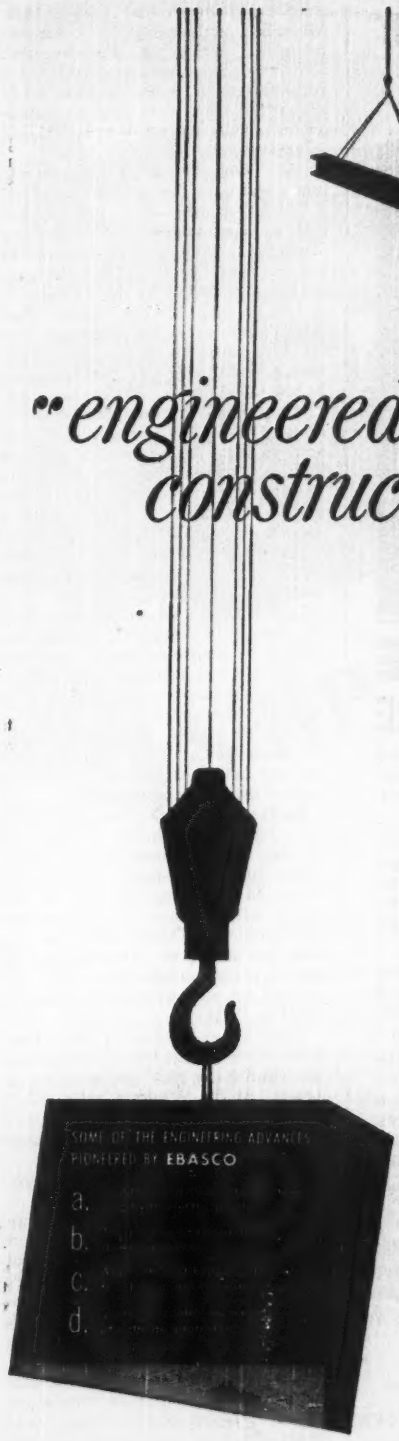
II. Catalogue of Plays

Here is a complete list of plays on Broadway this week, plus some indication of how tight tickets are (this goes for orchestra tickets only—balcony would be even tighter). Prices include tax.

• **New Musicals**—Among the musical shows, traditionally the most popular entertainment, the new hits include:

Bless You All—Opening Dec. 14, this Harold Rome-Arnold Auerbach ("Call Me Mister") revue has received enthusiastic reviews and played to capacity houses during its out-of-town tryout. At the Hellinger; $7.20 top. Tickets available at brokers for most performances, or by mail and at box office for February.

Call Me Madam—Moderately entertaining musical comedy with Ethel Merman as the outstanding attraction, assisted by Paul Lukas. Book by Howard Lindsay and Russel Crouse, with



When a project has been "engineered and constructed by EBASCO" you can be certain that the most modern, scientific engineering methods have been employed.

"engineered and constructed by EBASCO"

Whenever you see the EBASCO SERVICES sign on a construction project, a team of specialists is at work, helping management get the job done *quickly* and *efficiently* and in a manner that will assure the finest and most modern plant possible.

Today, EBASCO is handling projects for business organizations, industrial companies and public utilities throughout the world. But EBASCO provides other services besides design and construction. It helps business with problems of financing, production, industrial relations, purchasing, systems and methods—in fact, with any problem whose solution will contribute to greater plant efficiency.

ENGINEERS · CONSTRUCTORS · CONSULTANTS
EBASCO

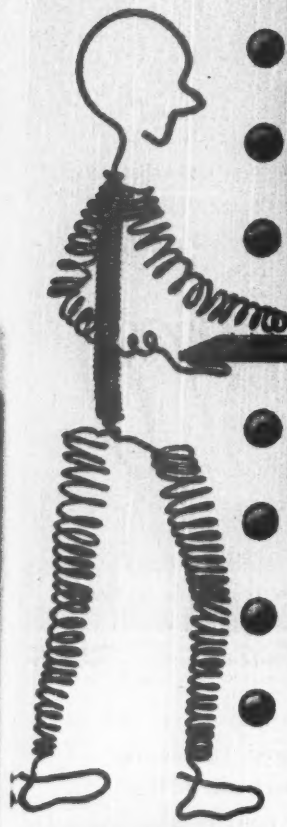
We will be glad to send you the booklet *"The Inside Story of Outside Help"* describing the many EBASCO services available to you. Address Ebasco Services Inc., Dept. C., Two Rector Street, New York 6, N. Y.

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Ebasco Teamwork gets things done anywhere in the world

Appraisal
Budget
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Consulting Engineering
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Industrial Relations
Inspection & Expediting
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Research
Sales & Marketing
Systems & Methods
Taxes
Traffic

Specialized Wire for Specialized Products





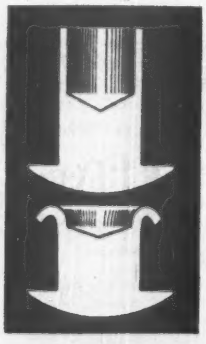
KEYSTONE TUBULAR RIVET WIRE

Tubular rivets that *roll-crimp* without fracturing require a *specialized* wire produced under carefully controlled manufacturing practices.

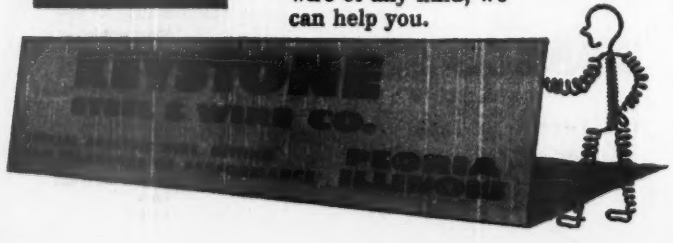
Keystone's Tubular Rivet Wire is the result of "special processing" at all stages . . . specially selected steel furnace charge, special drawing practices, carefully controlled annealing in process, and rigid inspection.

These special manufacturing techniques developed by Keystone have produced a wire with exceptional forming qualities, either for *extruded* or *drilled* tubular rivets.

Wire for drilled tubular rivets has the proper hardness for longer drill life; wire for extruded rivets has uniform metal flow qualities required in extrusion headers. Both types have just the right ductility for cold heading and excellent roll crimping.



If your product requires a "specialty" wire of any kind, we can help you.



songs by Irving Berlin; about a Perle Mesta-like ambassador to a Luxembourg-like duchy. At the Imperial; $7.20 top. Some tickets at brokers for all performances, a few locations available at box office or by mail for February; most seats obtainable in late March or early April.

Guys and Dolls—The immensely funny and enjoyable musical based on a Damon Runyon story and peopled with an assortment of his disarmingly disreputable characters, adapted by Jo Swerling and Abe Burrows, with songs by Frank Loesser ("Where's Charlie?" and such song hits as "Spurs That Jingle" and "Praise the Lord and Pass the Ammunition"), directed by George S. Kaufman, with a cast including Robert Alda, Vivian Blaine, and Sam Levene. One of the most amusing shows in years; at the 46th Street; $6.60 top. Sold out to theater parties through February (organizations buy the entire house for a single performance, sell the tickets to members at a premium as a benefit), but brokers have a few seats for most performances. First seats available by mail or at the box office for late March or early April.

Let's Make an Opera—Opening Dec. 13, this British audience-participation musical by Benjamen Britten and Eric Crozier has had a mixed reception during its out-of-town tryout, where it is described as appealing primarily to children or pliably imaginative adults. At the Golden; $4.80 top. Tickets available at brokers, box office, and by mail at nearly all performances.

Pardon Our French—The latest Olsen and Johnson outburst (Olsen, on crutches with a broken ankle, makes a single appearance from a box, with Marty May subbing the rest of the show), with Parisian film actress and cafe entertainer Denise Darcel in two brief specialty spots. At Broadway; $6 top. Seats at brokers, box office, and by mail for all performances. (Laying off Dec. 17-24).

Peep Show—Michael Todd's loud, brash, ornate, vulgar revue, with accent on semidressed girls and smoking-car humor. At the Winter Garden; $7.20 top. Tickets for all performances at brokers; at box office or by mail about two weeks in advance.

• **Holdover Musicals**—Holdover musicals from previous seasons include:

Gentlemen Prefer Blondes—The musical edition of the Anita Loos satire of the flaming 20's, with Carol Channing as the lethally helpless Lorlei Lee. At the Ziegfeld; $6 top. Seats at brokers for all performances, at the box office and by mail three weeks in advance for most locations.

Kiss Me, Kate—The Cole Porter-Samuel and Bella Spewack musical version of "Taming of the Shrew," with Anne Jeffreys as star. At the Shubert;



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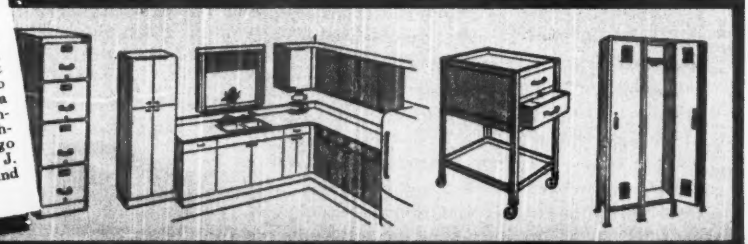
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• Bin Units	• Welding Benches	• Parts Cases	• Wood Working Benches	• Hanging Cabinets	• Bench Drawers	• Hopper Bins	• Shop Desks

$6 top. Tickets at brokers for all performances, at box office and by mail about two weeks ahead for most locations.

South Pacific—The Richard Rodgers, Oscar Hammerstein II, and Joshua Logan musical juggernaut, starring Mary Martin and Ray Middleton (in place of Ezio Pinza) is still playing to absolute capacity. At the Majestic; $6 top. Tickets at brokers for all performances for regular clients or on about a week's notice; at box office or by mail in April.

• **New Straight Plays**—The new straight plays include:

Affairs of State—Louis Verneuil's romantic comedy about social-marital intrigue in official Washington, with Celeste Holm starred, and a cast including Reginald Owen, Barbara O'Neill, and Sheppard Strudwick. A solid sellout. At the Music Box; $4.80 top. Tickets at brokers, or, on two or three weeks' notice, at the box office, or by mail.

Bell, Book and Candle—John Van Druten comedy, costarring Rex Harrison and Lilli Palmer (Mrs. Harrison), about a present-day witch who enchants a mere mortal into infatuation, but who loses her supernatural powers by falling in love with him. Another solid sellout, at the Ethel Barrymore; $4.80 top. Tickets at brokers or, about two or three weeks in advance, at box office or by mail.

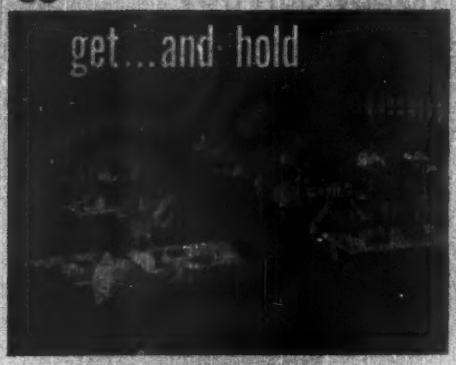
Black Chiffon—Lesley Storm's London melodrama success, starring Flora Robson, about a possessive mother who, emotionally overwrought on the eve of her only son's wedding, shoplifts a silk nightie. At 48th Street; $4.80 top. Tickets at brokers or about two weeks in advance at box office or by mail.

Country Girl—Clifford Odets drama, costarring Paul Kelly and Uta Hagen, about an alcoholic former theater star whose wife and a sympathetic director help him to make a comeback. At the Lyceum; $4.80 top. Seats at brokers or, a week or so in advance, at the box office.

Hilda Crane—Samson Raphaelson drama, starring Jessica Tandy, with Beulah Bondi and Evelyn Varden. About a career girl who returns to her midwest hometown after failure in New York, only to make a failure of a marriage-for-security. At the Coronet; $4.80 top. Seats at brokers or at box office or by mail.

The Lady's Not for Burning—Christopher Fry's London hit, with John Gielgud and Pamela Brown in their original starring parts, about a returned 15th century soldier who demands to be hanged for murder in order to create a diversion and thus save an accused witch from being burned at the stake. At the Royale; $4.80 top. Tickets at brokers or, two or three

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weeks in advance, at the box office or by mail.

Ring Round the Moon—Another Christopher Fry importation, based on a French satire by Jean Anouilh, with Lucille Watson and Oscar Karlweis. At the Martin Beck; $4.80 top. Tickets available at brokers, box office, and by mail.

Season in the Sun—Comedy by New Yorker Magazine theater critic Wolcott Gibbs, starring Richard Whorf and Nancy Kelly, about the "characters" at Fire Island, an ocean resort just far enough from New York City. The critics generally thought it very funny, but subsequent playgoers have questioned that opinion. At the Cort; $4.80 top. Tickets at brokers and a week or so in advance at the box office and by mail.

• **Holdover Straight Plays**—Holdover straight plays from previous seasons include:

The Happy Time—Samuel Taylor's engaging and affecting adaptation of Robert Fontaine's book about the awakening of a French Canadian boy. At the Plymouth; $4.80 top. Tickets available at brokers and, approximately a week in advance, at the box office or by mail.

Member of the Wedding—Carson McCullers' dramatization of her own novel about a lonely girl who wants to accompany her brother and his bride on their honeymoon. Stars Ethel Waters, features Julie Harris and Brandon De Wilde, at the Empire; $4.80 top. Tickets at brokers, at box office or by mail.

Mister Roberts—The fabulously popular comedy-drama by Thomas Heggen and Joshua Logan about the boredom of the crew of a meandering Navy transport in the Pacific during the last war, with John Forsythe in the title part. At the Alvin until Jan. 6; $4.80 top. Tickets at brokers, at box office or by mail.

Peter Pan—The Sir James M. Barrie classic for moppets and fairy-story-minded adults, starring Jean Arthur and Boris Karloff. At the St. James, probably until early in January; $4.80 top. Tickets at brokers for all performances and at box office and by mail for evening shows, but at least a week in advance for matinees.

Arms and the Man—In-the-round Shaw revival starring Sam Wanamaker and Francis Lederer. At the Arena in the Hotel Edison; $3 top. Tickets available at brokers, at box office, or by mail.

Tower Beyond Tragedy, The Cella and the Well, Twentieth Century, The House of Barnarda Alba—and other revivals and new plays with star leads, at the ANTA Playhouse; $4.80 top ($3 to members). Tickets at brokers, at box office, or by mail.

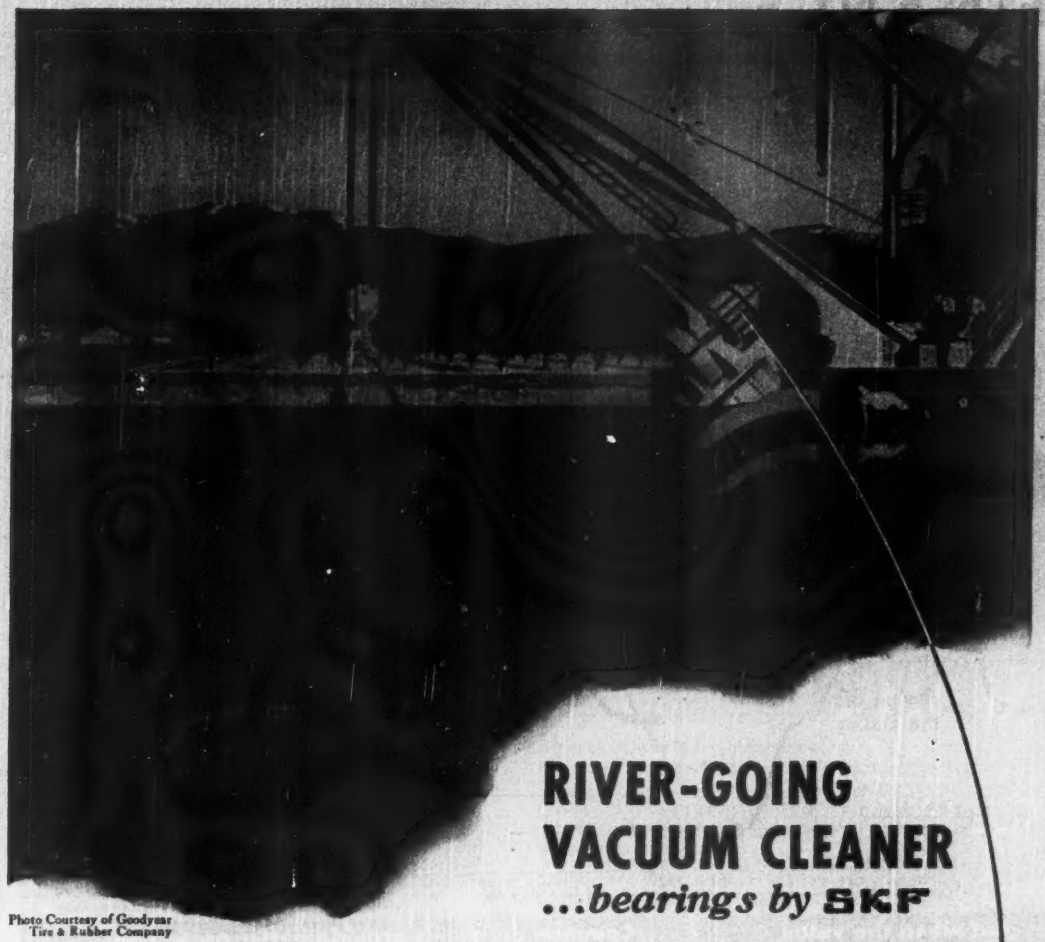


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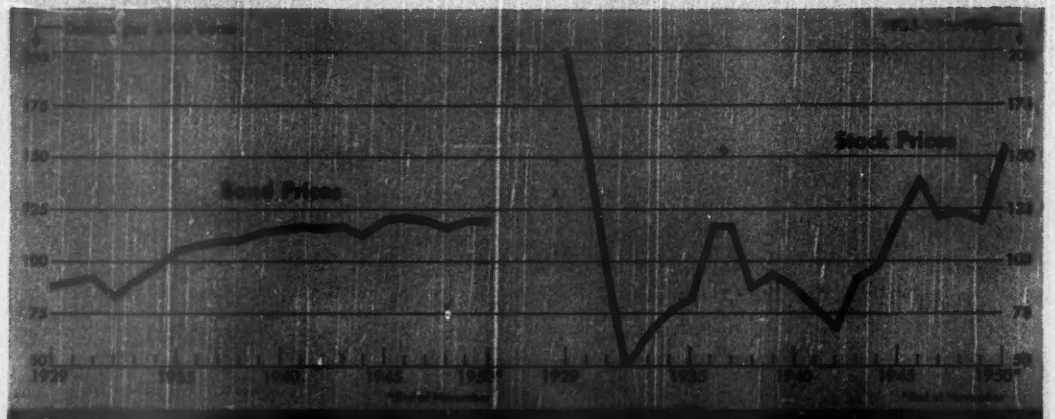
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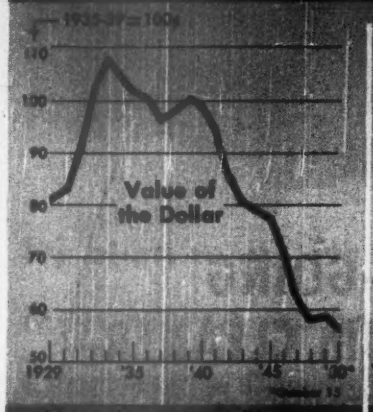
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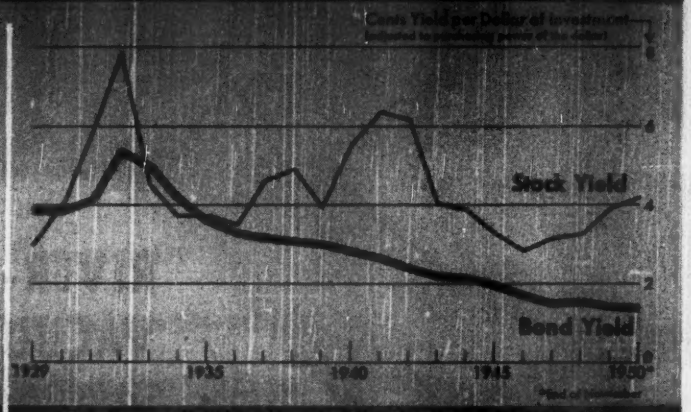
FINANCE



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New York Trustees Swarm into Stocks

Since New York passed its "prudent man" law, buying has surprised Wall Street. Trustees using commons to protect incomes against declines in yields and the shrinking dollar.

The amount of stock that trustees have bought since New York passed its new "prudent man" investment law has hit a higher level than even Wall Street had dared to hope. The law, which went into effect July 1, permits trustees to invest up to 35% of trust funds in "nonlegal" securities, including equities.

• **Cushion**—The trust buying—coupled with the demands of other institutional stock buyers—has given the market a badly needed buttress in some of the panicky times since the Korean war started. And it promises to be an equally strong factor in the future.

That's all the more true, Streeters argue, because the trustee buying is for long-term holding, not for quick-turn profits. They think that few of the stocks now going into trust strong boxes will be cut loose for "scare selling" when stresses hit the market.

Trustee buying is particularly welcome because it has been coming in just when the market needed it most. Instead of buying on a rising market, the trustees have been seizing periods of sharp selling to do their heavy purchasing. This has gone a long way toward stabilizing the market after each "Irish rally." It played a big role in making the impact of the latest Korean crisis much less serious than the first (BW—Dec.9'50,p86).

• **New Thinking**—All this reflects a drastic change in the basic philosophy of trustees. Once there was no more exclusively bond-minded group in Wall Street.

Two simple factors played the biggest part in the change:

(1) Yields of high-grade corporate bonds have dropped steadily in recent years. These issues, along with even

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lower-yielding government paper, have been the traditional standby of trust funds.

(2) The purchasing power of the dollar has been slipping just as persistently as bond yields (charts, page 106).

In 1929 high-grade bonds had an average yield of 4.86%. Today they have fallen to 2.63%. The dollar has slumped almost as swiftly. Worth 81.6¢ in 1929 (in comparison with the 1935-39 average), it will purchase a mere 57¢ worth now.

• **Heavy Loss**—These twin factors have been a blow to those depending on income from high-grade, fixed-interest securities. In terms of 1935-39 dollars they got close to 4¢ on every dollar of capital in 1929. Today the figure is just over 1¼¢.

Chief villains from the trustee's viewpoints have been the federal government's easy money policies since the mid-30's, and the rises in taxes and living costs in the last decade. Easy money knocked down the dollar yield of high-grade investments. Higher taxes and living costs clawed away at the purchasing power of what dollars came in.

Observing these trends, trustees have made some changes in their basic thinking. Formerly, they saw their duty as maintaining the dollar value of the assets in their hands, and keeping the yield, in terms of dollars, at a level "commensurate with safety."

• **Purchasing Power**—"Proper trusteeship" has come to mean something more than this. Now it means preserving capital and interest at the highest point possible in terms of current purchasing power—not just on a strict dollar basis.

Trustees have learned that this job can't be done properly if funds are limited to legal-type securities. These days you have to have a leavening of common stocks, too. These issues, in theory at least, adjust more quickly than bonds to the shifting purchasing power of the dollar.

Following this reasoning, trustees have been working for some time to relax the rules in areas that forbid trust funds to hold common stocks. They've been generally successful. In 23 states—New York was the latest—some version of the prudent man law is now in effect. This gives trustees elbowroom, allowing them to put a percentage of their funds into a wider variety of investments provided they stick to the sort of thing that any cautious, intelligent investor would consider "safe."

• **Other Investors**—Managers of personal trusts aren't the only trustees who have been going in for common stocks. Managers of insurance companies, an increasing number of bank common-trust funds, college endowment funds, pension and retirement funds, and foundations—all are in the parade. Even

New York State's mutual savings banks are seeking liberalization of their investment laws (BW–Oct.21'50,p98).

• **Fair Weather**—It's still a big question whether common stocks are a panacea for the ills besetting trustees in recent years. On the basis of the stock market's past performance, the answer is definitely no. Generally, stocks have been fair-weather friends; institutional investors who leaned on them too heavily have suffered. (A prime example: the experience of Canada's Sun Life some years ago.)

Wall Street thinks this fair-weather aspect is not so strong now. It is probably close to the mark when it argues that (1) due to investment buying there is less weakly held stock hanging over the market than at any time before, and (2) we are now beginning to see a steady and more solid demand for common stocks.

Streeters expect these favorable trends will last for a considerable time, that the market ups and down are going to show a much smaller spread than in the past.

• **Skeptics**—There are plenty of old-fashioned conservatives who hear the ring of 1929 optimism in these sentiments. They point out that not all stocks will benefit alike, even if the trend is toward greater stability. Final results of today's trustee stock buying is still going to depend primarily on the timing of purchases, the specific stocks that are purchased, and the ability of trust managers to combat market cross-currents.

So far, New York trustees haven't been buying any old stock. They've concentrated mainly on the blue-chip group and the better-grade "good businessman's risk" issues.

Industrial stocks have been the favorite buys, with some interest in rails and utility-operating companies—these last despite the vulnerability of utilities to inflation.

• **Blue Chips**—Maybe these shares will provide a good hedge against a falling dollar; maybe they won't. The fact that they are blue chips is in itself no guarantee. Blue chips don't always remain top-notch. Even when they do, they provide no automatic protection against inflation. It's easy to locate 50 such issues, which, in the 1935-1950 period, increased little or nothing in market value. In fact, if you had hedged against inflation by shifting to them from bonds you would have been the loser. In this period, the purchasing power of the dollar declined approximately 44%; the high-grade bond index rose around 15%.

It all adds up to the old market saying: The stock market is usually speculative on Monday, and also on Tuesday, Wednesday, Thursday, Friday, and Saturday.



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Not long ago, a large plant found it was costing upwards of $170,000 a year just to cover barrels and drums used for intraplant shipment and storage of chemical intermediates. A wide-awake foreman suggested trying disposable covers patterned after the familiar refrigerator bowl covers. It was a sound idea but required a tough, low-cost material to be practical. Tests proved that a newly developed neoprene treated paper was the best of many materials considered. Now, covers made of this new kind of paper save $50,000 to $100,000 a year in this one plant.

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Fewer and Bigger

Bankers Trust expected to add Flushing institution to its branches. Other mergers are planned.

New York City will lose its ninth bank in two years, if stockholders of Flushing National Bank approve this week. Their bank is scheduled for acquisition by branch-minded Bankers Trust Co.

That's in line with the national trend toward mergers and toward fewer and bigger banks. In 1930 there were 23,215 commercial banks in the U. S.; today there are about 14,000.

• **Policy Shift**—Flushing National would be the third bank that Bankers Trust has acquired this year. A few months back, it picked up the commercial banking business of Title Guarantee & Trust Co. and merged Lawyers Trust Co. (BW—Aug.26'50,p65). That put Bankers Trust into the branch banking field with 13 offices in four of New York City's five boroughs. Previously, it had specialized in wholesale banking service to large corporations and big individual depositors.

Picking up Flushing National (which has no branches) would give Bankers a third office in the heavily populated borough of Queens. It would add about $13-million in deposits to its own more than $1.5-billion (as of Sept. 30) and bring in 25,000 new customers.

• **Capital Gain**—The terms of the proposed merger haven't been announced. But it seems likely that Flushing National's stockholders will wind up with a sizable capital gain. Most bank stocks have been selling below book value. But when one bank is acquired by another, the bank taking over pays off the stockholders of the other at "appraised" book value. This is usually higher than book value. That's because some bank assets are usually carried on the balance sheet below their real value.

In this case, Bankers Trust is expected to assume the deposit liabilities of the Flushing National, and of course a large part of its assets. The remaining assets would be distributed among Flushing National's stockholders, who would then dissolve their institution.

• **Other Mergers**—A somewhat different type of merger will probably be approved this week by the stockholders of little Caldwell National Bank of New Jersey, whose yearend 1949 deposits were $7-million. National Newark & Essex Banking Co., which had deposits of $123-million last July 3, would take over. National Newark will probably pay off Caldwell stockholders

directly at over $95 a share. Book value per share: about $70.

And a merger of a still different sort is going forward in Providence, R. I. Directors of the Providence National Bank and the Union Trust Co. have proposed a stock merger. If stockholders approve, the two banks will consolidate. Shareholders of each would receive new stock in the new institution.

• **Thin Ratio**—Neither bank could purchase the other outright without selling new stock. The Providence National, which tends to do a wholesale type of business, has capital funds of about $6.3-million, deposits (on June 30) of $44-million. If it acquired Union Trust's $84-million of deposits without acquiring the other bank's capital funds as well, its ratio of capital to deposits would be very thin.

On the other hand, the Union Trust, a retail bank with five branches in Providence and nearby cities, had less than $4-million of capital funds at its last report. That isn't enough of a capital base to take on another $44-million deposits.

Stockholders of the Providence National, who would contribute the larger share of capital funds to the new bank, would get 80,000 of its shares. Union Trust stockholders would get 50,000. The new bank would continue under the charter of the Providence National, believed to be the second oldest in the U. S. (Oldest bank charter is held by the Bank of New York & Fifth Ave. Bank.)

GM Turns Lender

Prepares to put up cash for Jones & Laughlin expansion; on its $28-million it will get 3% plus a pledge supply of steel.

The world's largest manufacturer is going into the money-lending business to assure itself of a supply of steel. Along with insurance companies and banks, General Motors Corp. will finance the latest phase of Jones & Laughlin Steel Corp.'s expansion of capacity.

The total amount of new money that J&L wants till the end of 1951 is $108-million. Insurance companies will supply $40-million, banks $40-million, and GM $28-million.

• **Stockholders**—The only possible hitch to the GM loan is J&L's stockholders. They'll vote next month on a proposal to increase authorized indebtedness from $150-million to $180-million. This boost will have to be O.K.'d if the GM loan is to be made in its present form.

Right now J&L is well below its authorized limit, with about $62-million



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of debt outstanding. So it doesn't need stockholder approval for the $40-million of 3% mortgage bonds it is selling to a group of six insurance companies. J&L will sell $10-million this week, the other $30-million by mid-1951

Also within the debt limit is a $40-million credit J&L has arranged with 11 banks. It can draw this down anytime through 1951. The loan is repayable in 16 instalments ending in 1955, carries a 2¼% interest rate or a rate ¾% above the rediscount rate of the Federal Reserve Bank of New York, whichever is higher.

J&L does have to raise its debt limit, though, to borrow $28-million from GM. The money will be used to expand J&L's Otis works, at Cleveland. In exchange for the loan, which carries 3% interest and is payable in instalments through 1966, GM gets an assured supply of steel until the loan is paid off.

• **Varying Limit**—Whenever GM is operating at capacity it can buy from J&L all the steel it is now getting, plus 240,000 of the 265,000 net tons that the Otis expansion is expected to add by April, 1952. Whenever GM operations fall below capacity, it will have to take only an undisclosed percentage of its steel requirements.

GM can well afford the loan. Its Sept. 30 balance sheet showed cash and government bond holdings of over $1.3-billion.

Banks Fight the Fed

Competition to give service to out-of-town banks sets big-city banks against Federal Reserve Banks.

Big banks in the major financial centers of the U. S. get some of their income by acting as correspondents for smaller banks in surrounding cities and towns. For these "country" banks, they clear checks drawn on banks in other parts of the U. S. or abroad, buy and sell securities, offer advice, and perform many other miscellaneous services. In return, the country banks maintain deposits with their big-city correspondents.

• **Competition**—Federal Reserve banks also perform services for banks outside big financial centers. For a long time there has been a silent tug-of-war between the big correspondent banks and the Federal Reserve banks over this correspondent business. Now this struggle seems to be coming to a head.

• **Report**—Several months ago, a committee of the Assn. of Reserve City Bankers put out a private report to members, listing ways in which some Federal Reserve banks are competing with correspondent banks. The association is a strong power in the banking world. Its membership includes about 375 banks in 58 major U. S. cities.

Here's the gist of the report, which has not been officially endorsed by the association:

(1) Some Federal Reserve banks act without charge as custodians for out-of-town banks on government securities. This is particularly resented by New York banks. The government-bond market is in New York, and many out-of-town banks have been keeping their government bonds with New York banks for convenience.

(2) Some Federal Reserve banks act as agents for out-of-town banks on government securities, following instructions to sell or buy from government-bond dealers. This service is free to banks that have an account with the Federal. (Big-city banks perform this service, too—but they charge for it).

(3) Federal Reserve banks absorb forwarding costs on checks shipped to other Federal Reserve districts for collection. Commercial banks are not allowed to do this for their correspondents. So most interdistrict clearing has been absorbed by the Feds.

(4) Federal Reserve banks ship currency to out-of-town banks free. But city banks aren't allowed to absorb charges when shipping currency to their correspondents.

(5) Some Federal Reserve banks are helping out-of-town banks with operating problems, giving them economic and engineering advice. This is resented by some big-city banks, which often offer similar services to their correspondents.

• **Point of View**—The Federal Reserve Bank of New York has since been presenting its point of view in private talks with New York bankers. The Federal argues that all these services are a natural part of its function as a central bank.

But some big-city bankers aren't convinced. They may try to get these policies changed. Their attitude could make some difference. Each Federal Reserve bank is owned by the banks of its district, although operated under supervision of the Federal Reserve Board, a government agency.

Insurance Companies To Share A-Bomb Risks

Life insurance underwriters pride themselves on being ready for anything. This week the industry announced it was working on a plan to spread the risk of atomic bombing among all life insurance companies.

The companies would suffer in vary-

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A manufacturer of high quality wood folding chairs decided to bring out a metal chair of similar quality and design. To get the best combination of minimum weight and fabrication economy, he used magnesium die castings. By so doing, he was able to market a metal chair, weighing 26% less than the comparable wood model.

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ing degrees from a war disaster, depending on which parts of the U.S. happened to be bombed. So they have decided that it would be better to stand together than to run the risk of having some companies seriously hurt.

• **Forearmed**—A committee has been working on the project since July. This week it outlined a plan to pool risks at the annual meeting of the Life Insurance Assn. of America in New York City. The association approved the idea, told its committee to go ahead and work out details.

Under the plan, each participating company would pay a certain fixed percentage of its own losses. It would turn the rest over to a pool to be shared jointly by all companies. It hasn't been decided yet how much of the loss each company should pay directly.

Gerhard D. Bleicken, associate counsel of John Hancock Mutual Life Insurance Co., Boston, supplied an example of what could happen to individual insurance companies. Bleicken said that it would take more than 10% of his company's assets to pay claims if all policyholders in any one of five large U.S. cities were killed.

• **Coverage**—Another problem: Should the plan apply only to atomic bomb attacks, or be extended to other forms of "mass murder," or even to all war deaths? Some companies have suggested that the committee also work out a plan to pool damage to physical assets of life insurance companies.

FINANCE BRIEFS

First railroad stock offering in about 20 years is planned by Nickel Plate R.R. The road intends to offer about 34,000 shares of common to its common stockholders.

•

Oil companies may pay a record $683-million in cash dividends this year, according to a survey made by Chase National Bank, New York. Earnings may total $13-billion.

•

Class I railroads earned $575-million in the first 10 months of 1950, according to the Assn. of American Railroads. They earned $302-million in the same 1949 period.

•

War clauses will be inserted in new life insurance policies issued to men of draft age by Prudential Insurance Co.

•

The Straus family (but not including Macy president Jack I. Straus) is selling publicly some 112,000 shares of common stock of R. H. Macy & Co. There are about 1.7-million common shares of Macy outstanding.



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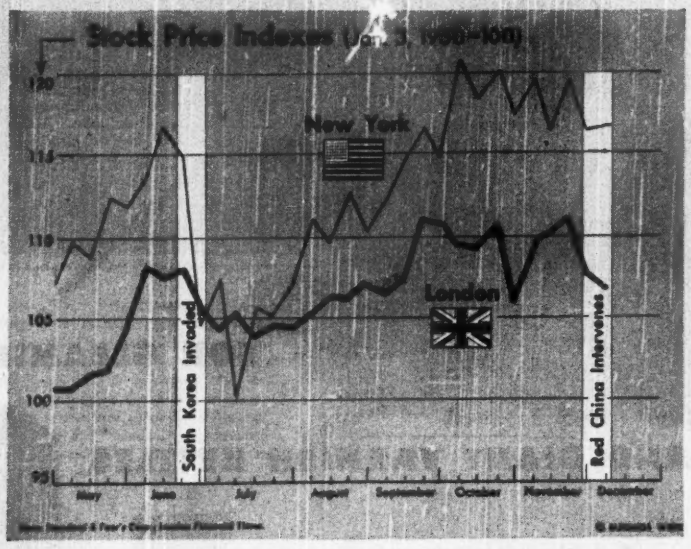
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THE MARKETS



Wall St. Calmer Than London

New York stocks have regained most of ground lost since Red China intervened. London stocks have a long way to go yet. Boom in rails is an important factor in New York market.

For once, the London stock market isn't taking a crisis so steadily as Wall Street. Usually, London stock prices fluctuate less violently than New York stock prices. At the time of the first Korean crisis, for instance, London was fairly calm, as U.S. stocks bounced up and down like a tennis ball.

It's different this time. When Chinese troops began to enter Korea in large numbers, the London stock market dropped more than New York. By midweek, U.S. stocks had almost wiped out their losses in this second Korean break. London stocks still haven't made much of a recovery.

• **Rails Blossom**—Popularity of the rails is one of the major reasons for the better performance of U.S. stocks. Last spring rail stocks lagged behind the rest of the peacetime bull market. Since Korea, they have blossomed out. The current crisis has boosted them to new postwar highs. Early this week the Dow-Jones rail average hit 74.42, its highest level since 1931.

There's no mystery behind this. War traffic means better income for railroads. Their profits in the first 10 months of this year were nearly double what they were in 1949. And because of their heavy capital investment, the carriers are pretty well sheltered from excess-profits tax. But the British stock market has no rail stocks to support it. British railroads were taken over a few years back by the government.

• **Malayan Shares**—Another factor that depresses London prices is the effect of the Chinese intervention on Malayan rubber and tin shares. These stocks are important in the London market, and the possibility that Chinese troops might overrun Malaya hasn't helped them. Rubber shares have been hit harder than tin shares. You can't do much to destroy a tin mine, but you can ruin a rubber plantation by neglect.

• **Kaffirs Hit**—The South African gold-mining shares—which British brokers call "Kaffirs"—have been hit even harder than the Malayan stocks. That's because labor costs are an important item in running a gold mine. If war comes, wages rise. And the government might shift labor to more essential forms of production. Also, there wouldn't be much chance for the gold-mining companies to get new machinery to replace present equipment if Britain were in a total war.

• **Sterling Speculators**—There is another weakness in the London market. In the last few months, much money

has been converted from other currencies into sterling, speculating that the pound might soon be revalued.

However, the quick change in the Far East makes revaluation less likely now. It is true that most of this speculative money is said to have gone into sterling bonds rather than into stocks. But some observers of the London market believe enough of it went into stocks to explain some of the quick drop in stock prices.

• **Rallies**—Meanwhile, Wall Street is encouraged by the way New York stock prices have reacted lately. The recent sharp rallies have been accompanied by rising volume. And when the market slipped off a little, the volume of shares traded usually was off, too.

The way a lot of bulls figure, the market had already discounted the possibility of war and higher taxes when it declined sharply in June and July. Stock groups were reshuffled, peace stocks losing popularity, and war stocks coming to the front (BW—Sep.30'50, p106). When the the new threat of total war emerged, the market was a lot more ready for it.

Some bulls are beginning to hope that the market has already digested the sour news from Korea and the virtual certainty of an excess-profits tax. But they're keeping their fingers crossed. The Street is not certain how the market will react to the probability that wage and price controls are much closer than it expected (page 19).

Old Highs Still High for Most Stock Groups

Stock Groups	Standard & Poor's Weekly Indexes (1935–39 = 100) 1929 High	1937 High	1946 High	Recent Level	Recent Leads vs. 1929	1937	1946
Composite Index	**240.9**	**128.8**	**188.6**	**185.0**	**−23.6%**	**+10.9%**	**− 2.3%**
Industrial Index	**197.7**	**140.7**	**183.2**	**167.8**	**−15.5**	**+19.0**	**+ 2.6**
Railroad Index	**460.2**	**171.1**	**198.8**	**130.6**	**−71.6**	**−23.7**	**−33.6**
Utility Index	**300.0**	**126.0**	**122.2**	**103.7**	**−73.1**	**−23.7**	**−21.6**
Agricultural machinery	194.1	177.1	160.5	149.5	−23.0	−15.6	− 6.9
Aircraft manufacturing	385.4	140.7	183.1	156.4	−59.4	+11.2	−14.6
Air transport	332.1	169.5	624.3	254.0	−23.5	+49.9	−59.3
Automobiles	210.6	155.9	166.0	176.6	−16.1	+13.3	+ 6.4
Auto parts, accessories	247.4	151.9	170.2	136.9	−44.7	− 9.4	−19.6
Building materials	209.2	146.5	161.8	130.0	−37.9	−11.3	−19.7
Capital goods stocks	215.3	153.7	147.0	159.9	−25.7	+ 4.0	+ 8.8
Chemicals	158.4	130.5	151.8	198.2	+25.1	+51.9	+30.6
Coal	897.2	150.0	230.7	248.9	−72.3	+65.9	+ 7.9
Consumer goods stocks	201.1	131.2	175.8	156.6	−22.1	+19.4	−10.9
Cotton goods	151.6	157.2	261.9	298.4	+96.8	+89.8	+13.9
Copper	244.7	188.7	147.1	154.7	−36.8	−18.0	+ 5.1
Distillers	186.7	139.0	633.8	452.7	+142.5	+225.7	−28.6
Electrical equipment	239.6	158.0	133.3	120.0	−49.9	−24.1	−10.0
Finance companies	97.8	139.8	113.1	102.0	+ 4.3	−27.0	− 9.8
Food companies	254.3	124.6	163.0	146.9	−42.2	+17.9	− 9.9
Glass containers	63.0	151.0	162.9	124.6	+97.8	−17.5	−23.5
Gold mining (U. S.)	.....	121.3	106.8	58.5	.....	−51.8	−45.2
High-grade commons	.....	121.4	135.5	134.5	.....	+10.8	− 0.7
Lead, zinc	164.1	170.2	139.7	115.5	−29.6	−32.1	−17.3
Leather	310.3	187.0	221.9	174.0	−43.9	− 7.0	−21.6
Low-price commons	333.5	200.6	315.7	173.4	−48.0	−13.6	−45.1
Machinery	150.0	160.0	154.6	141.1	− 5.9	−11.8	− 8.7
Metal containers	138.1	127.7	94.0	73.2	−47.0	−42.7	−22.1
Metal fabricating	504.5	196.7	178.2	139.6	−72.3	−29.0	−21.7
Mining, smelting	161.4	159.0	113.0	103.3	−36.0	−35.0	− 8.6
Motion pictures	773.5	170.5	350.3	140.5	−81.8	−17.6	−59.9
Office, business equipment	297.0	141.1	165.1	197.2	−33.6	+39.8	+19.4
Oil	177.4	145.9	169.8	218.2	+23.0	+49.6	+28.5
Paper	274.3	237.4	328.6	519.8	+89.5	+119.0	+58.2
Printing, publishing	621.9	168.4	285.5	114.9	−81.5	−31.2	−59.8
Rail equipment	290.9	176.3	153.5	96.8	−66.7	−45.1	−36.9
Rayon	320.5	159.6	376.4	519.0	+61.9	+225.2	+37.9
Retail trade	251.2	143.1	208.4	190.9	−24.0	+33.4	− 8.4
Shipbuilding	130.4	132.1	244.7	199.5	+53.0	+51.0	−18.5
Shipping	448.6	176.9	459.7	400.8	−10.7	+126.6	−12.8
Shoes	176.0	117.7	144.7	113.0	−34.7	− 2.3	−20.5
Steel	316.4	184.6	159.5	198.8	−37.2	+ 7.7	+24.6
Sugar	165.7	144.0	151.3	113.2	−31.7	−21.4	−25.2
Tires, rubber goods	353.9	191.4	307.4	269.5	−23.8	+40.8	−12.3
Tobacco	119.4	119.5	105.1	80.3	−32.8	−32.8	−23.6
Woolens	218.6	182.7	279.2	119.6	−45.3	−34.5	−57.2



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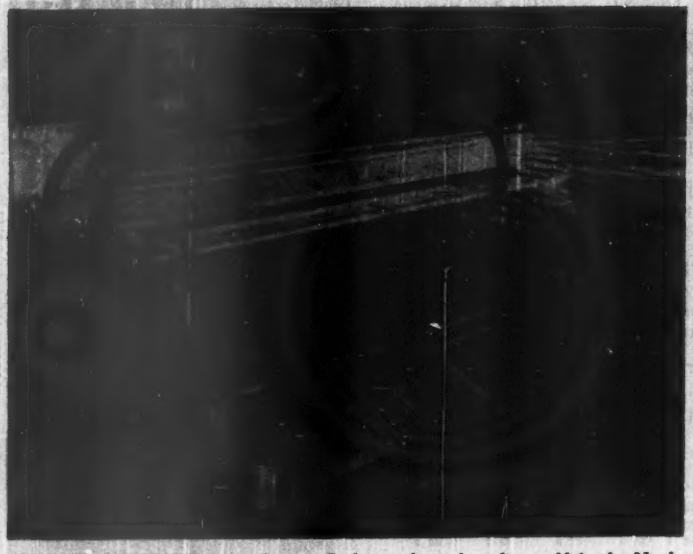
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LABOR



SOUTHERN WORKER in textiles gets 5¢ less an hour than she would in the North.

Labor Drives for Equal Pay

Textile union will spearhead 1951 campaign to wipe out wage differentials between regions. Steel, rubber, and aluminum also face continued bargaining pressure.

One of the hot issues in 1951 wage bargaining will be something that most people thought settled a long time ago: regional wage differentials. Pay freeze or no, unions are going to make another determined effort to wipe them out. They argue that a job's the same in New England or Georgia—and the pay should be, too.

It isn't now. Important differentials still exist in industry, despite a decade of strong union pressure to eliminate them. For instance:

• In most industries today, a worker in a northern mill is paid more than one doing the same job in a southern mill. A steelworker in the North now gets 10¢ an hour more than a worker in the South (the difference was 14½¢ before CIO signed its latest contract). There's a 5¢-an-hour differential between minimum-pay scales in northern and southern cotton mills.

• In some industries, notably textiles, the differential in hourly rates is just part of the story. The northern worker also gets more "fringe" benefits. A New England cotton worker has employer-financed insurance and gets six paid holidays a year. His counterpart in a small, unionized mill in the South has jointly financed insurance and gets only one paid holiday.

The differentials add up to a substantial sum. So there's a growing effort to get rid of them.

I. Textiles Lead Off

Right now, the main drive is in the cotton-rayon industry. The Textile Workers Union of America (CIO) held a special cotton-rayon conference in Washington this week to plan a coordinated program aimed at "permanent equality" in rates and contract benefits during 1951 bargaining.

• **For Keeps**—The resolution stressed the word "permanent" because once before the union had almost wiped out the North-South cotton-rayon differential. In 1946, hourly rates were only a fraction of a cent apart.

The gap opened up again, though. Emil Rieve, TWUA president says the thing that did it was the contract pressure built up by unorganized mills. Most northern mills settled for a flat cents-per-hour figure. Southern settlements, however, were on a percentage basis—not because the union wanted it, but because the important nonunion mills announced their raises that way. TWUA wasn't strong enough to buck the trend.

Since the big majority of southern mill rates was well under $1 an hour, workers who got a 10% hike wound up with less of a cash raise than northern workers who got a flat 10¢. By early 1950, this had produced a 3¢ differential.

This spread went up to 5¢ this year when northern mills settled with TWUA for a 10% raise; southern mills signed for only 8%.

• **Fringe Spread**—During the 1946-50 period, northern mills put into effect provisions for paid holidays, insurance improvements, and extra vacation pay—in line with contracts in other industries. Some of the large southern unionized mills went along with this developing pattern of "fringe" benefits. But most southern mills under contract with TWUA didn't. So now there is a "fringe" differential, which the union estimates at 4¢ an hour.

• **Equality Drive**—The union's drive for "permanent equality" between contracts in northern and southern mills will begin in February and March, 1951. Southern cotton-rayon contracts terminate in August, 1951, and later. But they can all be reopened for wage talks six months before expiration.

The union now plans to ask North and South for a general wage boost and a pension plan. In addition, it will ask southern employers for an "equalizing" hike in pay, on top of whatever general raise (if any) it negotiates. It will also demand the same "fringe" benefits for southern workers as for those in northern mills.

If there's a wage freeze, TWUA will naturally have to change course. Its plan then is to seek "parity" with workers in other industries where wages have been raised to meet higher costs of living, and it will test the government's anti-inflation controls to see if, as in World War II, the controls will allow adjustments to end "inequities."

II. Steel Spread Narrows

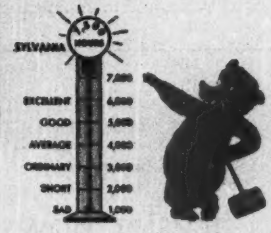
Two weeks ago, CIO's United Steelworkers narrowed the North-South differential in steel mills for the second time since the war. The union pared 3¢ off a 17½¢ differential in 1947 bargaining with U.S. Steel and Republic Steel, the two major companies with both northern and southern plants. Two weeks ago, it clipped off another 4½¢ when U.S. Steel agreed to cut the differential for its subsidiary, the Tennessee Coal, Iron & Railroad Co.

This year the union asked steel companies for immediate elimination of all regional differentials. In agreeing to the 4½¢ cut, companies seemed willing to work toward an equalizing. But they

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Of the many tubes tested, only Sylvania Tubes averaged 7500 hours. In terms of outstanding durability, this means that these Sylvania Fluorescent Tubes provided an "Extra Life" of from 2500 to 3000 hours . . . equivalent in offices and factories to an entire extra year of lighting life.

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Contractor Saves $40,000 Using Cleco Handi-Drills In Large Stadium Project

To install seats in a large stadium, a contractor had to drill 160,000 ⅞-inch by 2-inch holes in concrete.

Using the power tools originally scheduled for the job with conventional steels, the cost would have been over 28 cents per hole. More important, it would have been virtually impossible to finish the stadium on schedule.

He tried Cleco Pneumatic Handi-Drills with carbide-tipped steels. The cost dropped to an amazingly low figure of 2.9 cents per hole, including both labor and material.

The job was completed on schedule, saving about $40,000.

You can increase production and cut costs with Cleco Air Tools. A word from you will put a Cleco Field Engineer on your job immediately.



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NOW READY

If you sell, if you buy, if you do business in Michigan, the DIRECTORY OF MICHIGAN MANUFACTURERS is indispensable for daily reference.

The 1950-51 DIRECTORY gives you a complete listing of Michigan's 12,000 manufacturing firms (including over 5,000 new ones), showing names, addresses, and executives. Also, Michigan manufactured products are cross indexed under a classification of 2300 headings.

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were reluctant to take on the entire financial load of southern raises at one time.

III. Aluminum Issue Is Sharp

Aluminum has a problem quite different from textiles and steel. Aluminum Co. of America doesn't have uniform job classifications in northern and southern plants. Rates vary widely. Generally, they're lower in the South, in some cases by as much as 19¢.

Alcoa explains its pay scales this way: "Our policy for years has been to pay the going rate, or better, in the plant locality."

The United Steelworkers (CIO) bargains for many of Alcoa's employees. In 1942 it sought—and got—a reduction of the company's North-South differential from the National War Labor Board. But the gap widened again after the war. Alcoa began giving percentage raises that added more cash to northern rates than to those in southern mills. USW did get a 2¢ cut in the differential in 1947. But this was not enough, it complains.

USW and Alcoa are now bargaining on contract changes. The union wants another reduction of the North-South differential. But, even more, it wants Alcoa to set up a uniform job classification system, such as that in steel.

IV. Rubber: Akron vs. the World

In rubber the differential is primarily a problem between Akron plants and those outside Akron. Pay in the Akron area is recognized as the highest in the industry—attributable to the fact that plants there have long been tightly organized by militant United Rubber Workers (CIO) locals.

Rubber companies explain the wage gap differently, however. They say they base pay in cities outside Akron on going rates in each community.

This year URW asked major companies to cut existing differentials when wage bargaining got under way. It made some progress because management apparently compromised to speed up negotiations.

The 1950-51 contracts provide varying raises, plant by plant, to narrow rate differentials. Male employees of B. F. Goodrich in Akron, who were averaging $1.79½ an hour got an 11½¢ raise, upping their average to $1.91. Workers in Goodrich's Tuscaloosa (Ala.) plant, who were averaging $1.47, got a 15¢ raise, bringing them to $1.62. Plants elsewhere got between 11½¢ and 15¢.

Chrysler Bows to C-of-L

Follows other auto manufacturers in scaling wages to cost-of-living index. Reuther warns government not to upset policy.

This week the last of the automotive Big Three tied its wages to the rise or fall of the cost of living. Chrysler Corp. and CIO's United Auto Workers wound up negotiations by signing a five-year escalator-type contract. It roughly parallels those UAW has with General Motors, Ford, and others.

• **Threat**—Meanwhile, UAW's Walter Reuther privately warned Economic Stablizer Valentine that if the government set up any wage-freeze formula that eliminated c-of-l adjustments and annual improvement raises, UAW would regard its contracts as void.

Reuther told Valentine, BUSINESS WEEK learns, that "if government action, under wage stabilization or otherwise, makes inoperative any provision of our (GM-type) agreements, such agreements shall be considered terminated immediately in their entirety and subject to renegotiation."

• **Chrysler Pact**—The new Chrysler agreement with UAW provides:

• A modified union shop if approved by employees in elections.

• An immediate 1¢ raise and quarterly adjustments of 1¢ for each 1.14-point rise or fall in the c-of-l index.

• An annual improvement-factor wage hike amounting to 4¢ an hour.

• An increase from the present $100-a-month maximum pension to $125 per month, beginning in 1952. Both figures include social security.

• Increases in sickness and accident benefits for employees, with Chrysler paying half the cost of insurance.

• Cash payments of regular wages in lieu of three-week vacations for 15-year employees.

The new contract replaces one due to expire Aug. 31, 1952. This was reopenable on wages in May, 1951, but the company and union agreed to talk terms at this time, instead. The new agreement runs to Aug. 31, 1955, and bars "reopenings on any subject."

• **Rent Factor**—Meanwhile, GM and Ford announced they had accepted BLS' "corrected" rent factor (BW—Dec.2'50,p108) "for the ensuing quarter only." That leaves the way wide open for renegotiation of their c-of-l formula, in case the present form of the BLS index changes in January.

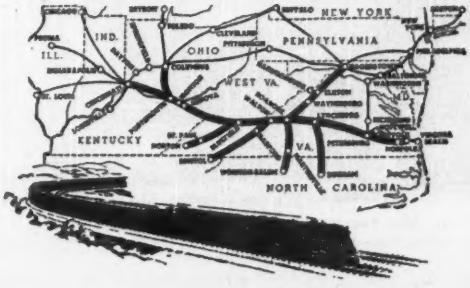
The formula calls for a 1¢ adjustment in pay for each 1.14-point change in the c-of-l index. Firms want to be sure proposed revisions won't make the index climb more sharply than now.



Alexander's Great Megaphone — FOR BETTER OPERATION

Alexander the Great achieved notable results in signals and communications by enlarging the speaking trumpet to a giant megaphone. According to one writer, it sent the human voice 12 miles. A valuable piece of equipment, it was a part of the great warrior's policy of *nothing-spared, nothing over-looked* to better his mighty military machine.

The Norfolk and Western *spares nothing, overlooks nothing* when it comes to modern signal communications. All along the line from Columbus and Cincinnati east to the great Port of Norfolk on Hampton Roads, and to points North and South, the N. & W. maintains a top-calibre signal system to help move *maximum traffic* at *maximum speed* and *maximum safety* for its customers.



The Norfolk and Western operates a multi-million dollar *Centralized Traffic Control System*, railroad science's "newest thinking" on signals. In addition, all over the line, the N. & W. uses automatic position light signals — the most modern and dependable light signal in existence.

Around-the-clock maintenance experts keep these "guardians of the rails" operating at *top efficiency*. Their constant vigilance stops trouble before it starts.

The Norfolk and Western always will be alert for signal improvements which "light the way" to increased speed and safety of traffic that moves over this railroad — upon which shippers the nation over have learned to depend.

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See "Clues" Section on page 138



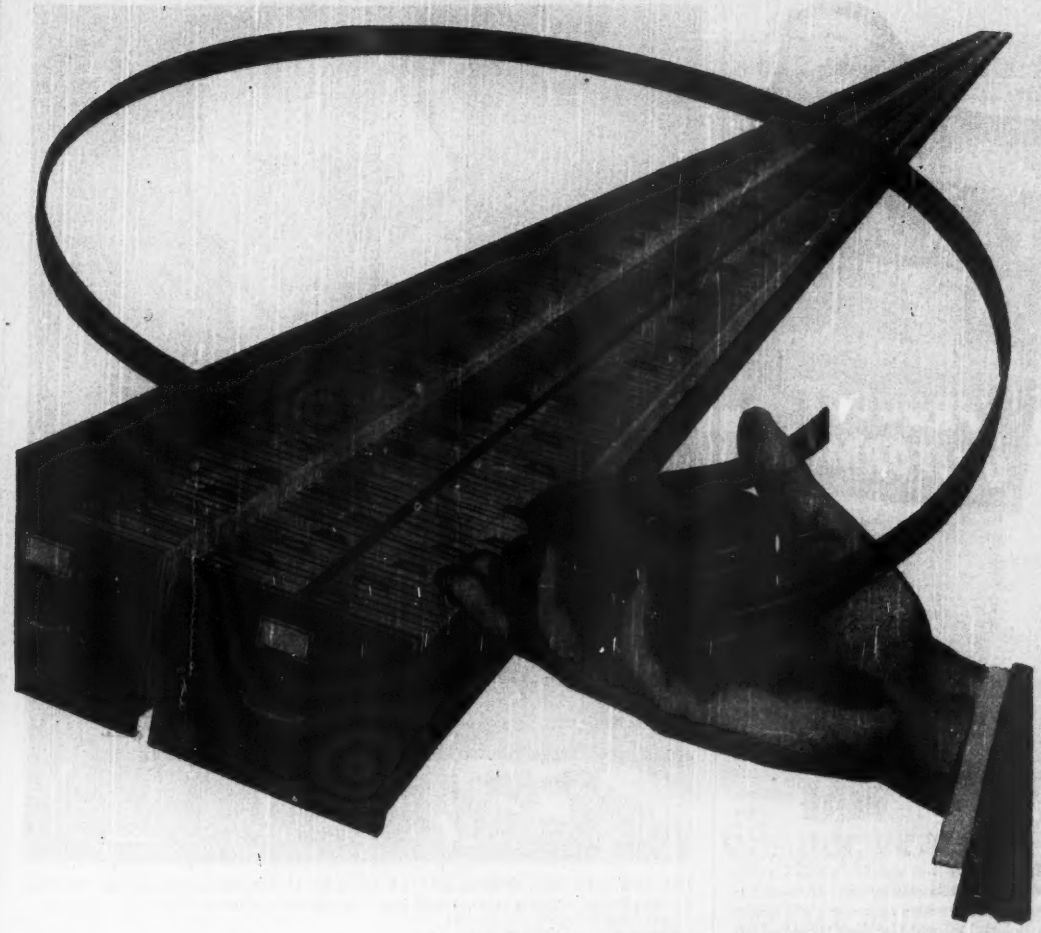
"SONS OF REST" workers (all over 70) leave their workshop after a day's work proving . . .

A Man Can Still Work at 70

British firm's employees, who didn't want to quit, continue to do their jobs in workshop limited to older men. (STORY ON PAGE 126)



THEY SIGN ON at 8:30 a.m., later than younger workers at main plant, work 7½-hr. shifts, setting their own pace, taking time out for rest. (TURN TO PAGE 124)



27,000 STOCKHOLDERS... and the record is complete and safe on these two rolls of microfilm!

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ON THE JOB. John Beddow (84) still has a lot of skill left in his craftsman's hands. He doesn't do so much as a younger man, but his work is better.

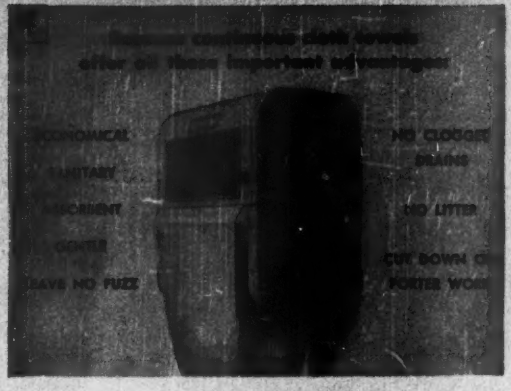


THE WORKSHOP is quieter, better lighted than the firm's plant. And there isn't the disturbing noise and bustle of a factory operation. (TURN TO PAGE 126)









Cleaner, healthier, happier...@69¢ per year

THIS "good management" story has important meaning for any business as well as for any school system.

The school pictured is the South High School, one of Salt Lake City's fine public schools. The students in this school, like all of Salt Lake City's 32,000 school children (and students in nearly all of Utah's public schools and colleges) have spic and span washrooms equipped with good cotton cloth towels in smart wall cabinets.

So what? So this: The children *enjoy* washing up... keep cleaner, healthier and happier. The school washrooms always look neat and litter-free. And the cost per student per year for this continuous cloth towel service is amazingly low—only about 69¢ per student per year. No wonder Mr. Le Grand P. Backman, President of Salt Lake City's enterprising and cost-conscious City Board of Education, says:—

"We have found this [continuous cloth towels] to be one of the best sanitary methods in taking care of the school children in the Salt Lake City district. We would highly recommend this to any college or public school."

Salt Lake City students appreciate this cloth towel service... and show their appreciation by frequent but careful use of the cabinets. In fact, not one continuous towel cabinet has been destroyed in a Salt Lake City school in the past 10 years.

So, whatever your particular interest —whether for a factory, office, or a store, we think this story can show you how important cloth towels (continuous or individual) can be in improving employee morale and building customer goodwill. Especially if you ask for and get good quality Fairfax cotton towels or toweling.

**Fairfax continuous cloth towels used by students of this high school and most other Utah schools are supplied by the American Linen Supply Company of Salt Lake City.*



Look under "Servilinen" or *"Linen Supply"* in the classified phone book for local suppliers of a Fairfax cotton towel service.



Fairfax towels and toweling are made by the makers of famous Martex bath towels...extra soft and absorbent for maximum satisfaction.

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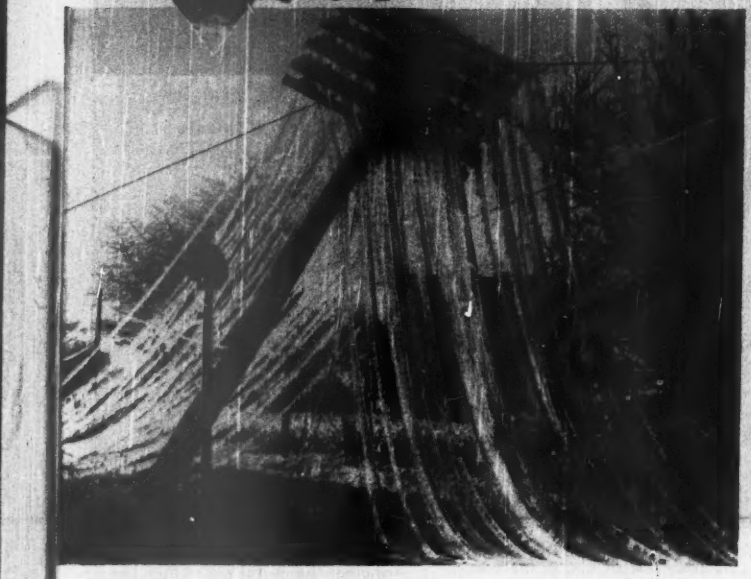
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put them *down*
so they won't
go *out!*

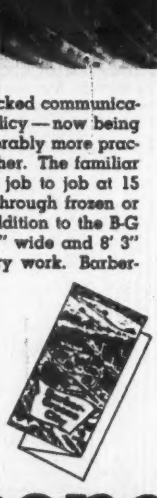
This Barber-Greene Runabout Ditcher travels to the job at 15 m.p.h. road speed, digs a trench up to 10½" wide to a depth of 4'



Sure cure for the costly toll taken each year by storm-wrecked communication and power lines is to put them underground. This policy—now being followed on an ever-widening basis—has become considerably more practical since the advent of the Barber-Greene Runabout Ditcher. The familiar green Runabout on its own pneumatic tires, drives from job to job at 15 miles per hour. It is a heavy duty machine, able to dig through frozen or rocky ground—even through asphalt. It is the newest addition to the B-G Ditcher line which has set the pace for trenches up to 24" wide and 8' 3" deep for over 25 years, in city service, and cross country work. Barber-Greene Company, 650 West Park Avenue, Aurora, Ill.

137

The B-G Runabout is one of several B-G Ditchers whose applications are interestingly illustrated in "Barber-Greene City," a panorama of Barber-Greene equipment at work. Send for your copy and ask for bulletins on the B-G Ditchers that interest you.



This is
Barber-Greene

A company of engineering and manufacturing experts building machines and equipment . . . for loading, unloading and conveying all bulk materials . . . for mixing and placing bituminous ("black top") surfaces . . . for ditching . . . for snow removal.



TIME TO RELAX is provided for the veteran worker in a rest and recreation room.

Workers All Over 70; Plant Is Doing Fine

"The Sons of Rest" workshop in Darlaston, England, begins putting men to work at an age most other places are retiring them. It is operated by Rubery, Owen & Co., an engineering firm, as a human-relations experiment in a field that's important today: effective use of overage workers.

The company set up "The Sons of Rest" workshop one year ago in a building a mile from its main factory. Only workers over 70—mostly men from the company's other operations—can be employed there. The separation keeps the older men away from the noise and bustle of the main plant, keeps them from feeling handicapped if they're slower than younger men. They report for work at 8:30 a.m. and sign out at 5 p.m., for a 7½-hour day, five days a week. They do drilling and assembly work on office equipment and farm implements for overseas markets—working at their own speed, resting when they think it's necessary.

• **Beyond Doubt**—In the first year of the project, Rubery, Owen & Co. says the men "proved beyond doubt that a man of 70 is still capable of doing a good job." Most are slower than younger workers, but the company found their rate faster and steadier than it had expected. It said their workmanship was better, on the average, than in the main plant; their absenteeism rate was lower. Currently, the project isn't being run to do better than break even. Profits are used to provide extra comforts for the workshop.

Rubery, Owen & Co. decided to try the over-70 workshop plan when it found that older workers didn't want to retire—something many U.S. companies are learning, too, in administering pension plans (BW—Nov.18'50, p124).

No Union

Sylvania Electric workers in Altoona reject leftist group. Now unorganized, they get benefits of contracts in other plants.

Sylvania Electric Products Co. in Altoona, Pa., is trying to convince its employees there that you can run a plant without a union.

Sylvania's chance to try the experiment arose in this way: The company closed its Altoona plant "permanently" in July, 1949, during a slack period in the electrical manufacturing industry. Within a year, the business outlook brightened; Sylvania began recalling workers at Altoona last May.

• **Leftist Union**—Immediately, it ran afoul its former plant union, the United Electrical Workers (ex-CIO), which claimed continuing jurisdiction. The company argued that the union no longer represented workers because the plant had been shut down on what was expected to be a permanent basis.

While company and union debated that point, Sylvania's returning workers announced they wanted no part of UE. They petitioned the National Labor Relations Board for a decertification election to toss out the left-wing union.

UE first fought the petition, charging it was company-sponsored. Then it changed its tune and agreed to the election. By the time the vote was held, 551 workers were eligible. Most of them voted, rejecting UE decisively, 498 to 28.

• **Single Issue**—In pre-election campaigning, UE and anti-UE forces blasted each other with leaflets and over sound-truck speakers. CIO's International Union of Electrical Workers stayed out of the fight—although it represents Sylvania workers in other plants. So the sole issue was: left-wing unionism vs. no union.

After the overwhelming anti-UE vote, Sylvania announced that it was continuing all the privileges and benefits given individual workers in the old UE contract. It also put into effect new provisions negotiated with IUE at other Sylvania plants—including a 10¢ hourly raise and fringes worth about 5½¢ an hour.

Sylvania further told employees: "No office doors will be closed to you—if you have a grievance, come tell us about it."

• **Sidelined**—IUE was expected to snap into action at Altoona right after the UE decertification election. Two months have passed since then, and IUE still is on the sidelines. Sylvania thinks it's probably because IUE can't find a big enough opening to squeeze in.

What do you pay for snow by the city block?



Barber-Greene Snow Loaders load up to 20 cu. yds. of snow in a minute—clear streets fast, economically.



Any "snow belt" city that is not equipped and organized for speedy snow removal is vulnerable to paralyzed traffic . . . to reduced business activity . . . to the dangerous hazards of blocked fire-fighting equipment, ambulances, police cars, garbage trucks . . . and to loss of parking meter revenue. Unremoved snow costs you money.

Barber-Greene Snow Loaders offer the cheapest, fastest snow removal. There is a model for cities of every size, and each B-G Snow Loader is easily converted to a high capacity Bucket Loader for handling sand, cinders, gravel, earth, etc., for year-round utility. Barber-Greene Company, 850 West Park Avenue, Aurora, Illinois.

"Barber-Greene City," an interesting panorama of over 80 applications of B-G equipment, shows B-G Snow Loaders at work. Send for your copy and for bulletins on B-G Snow Loaders.



This is

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A company of engineering and manufacturing experts building machines and equipment . . . for loading, unloading and conveying all bulk materials . . . for mixing and placing bituminous ("black top") surfaces . . . for ditching . . . for snow removal.



"Still dubious about the strength and flexibility of Aeroquip Hose?"

● Actually, the quality of Aeroquip Hose is known far and wide. Many users feel that there is absolutely no substitute for this excellent product. That is why Aeroquip today produces and sells more hose lines for industrial and aircraft applications than any other manufacturer.

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FLEXIBLE HOSE LINES
DETACHABLE, REUSABLE FITTINGS
SELF-SEALING COUPLINGS
"BREAKAWAY" ● HYDRAULISCOPE

AEROQUIP CORPORATION, JACKSON, MICH.

▶ NO PENTHOUSE REQUIRED
▶ ECONOMICAL TO INSTALL AND USE
▶ NO LOAD-BEARING WALLS
▶ QUIET, SMOOTH OPERATION
▶ ACCURATE LEVELING AT LANDINGS



GLOBE OiLift ELEVATORS

GLOBE FREIGHT AND PASSENGER ELEVATORS bring you the unparalleled "know how" of a firm which *specializes* in building lifts for both the motor vehicle and industrial fields.

MANY DESIGN FEATURES

Investigate the design superiorities you find *only* in Globe power cylinders . . . Globe controls . . . Globe electric pump units.

WRITE *for free bulletin B1250 showing Globe Elevators.*



GLOBE HOIST COMPANY
10018 E. Maywood Ave., Philadelphia 18, Pa.

Coffee Treat

More plants serve free coffee to employees. It helps efficiency and morale—and saves time lost going out for coffee.

"If a $2-an-hour man drops his tools for 20 minutes to get himself a cup of coffee, that coffee sets me back 66¢," a midwestern plant manager complained. "If I can cut as much as three minutes off the stop, it will pay me to buy the coffee and give it to him free."

Apparently a lot of employers in the Midwest have been thinking that way. They're handing out free coffee for more workers than ever before, says Paper Cup & Container Institute, Inc., whose researchers last week finished a survey of factory food services in the Midwest.

• **Started in Banks**—Well before World War II, banks and insurance companies were serving coffee on the house. During the war, the practice spread to industrial plants.

Factory employers adopted the plan partly to boost morale. But they had even more compelling reasons. They found that mid-morning coffee made workers more alert and cut accidents, particularly among women workers who had skipped breakfast, and that a mid-afternoon coffee break boosted productiveness at the tag end of a shift.

The cost of a free-coffee-for-everybody program wasn't a real factor for employers then; the World War II excess-profits tax was in effect. But even when the tax was removed, and the full cost of the program began coming out of the employer's pocket, plans continued to spread through industry.

Generally, employers ruefully recognized that the mid-afternoon kaffee-klatsch has taken firm root. If the coffee hour was inevitable, they wanted to get rid of informal coffee messes—unsightly, often hazardous, arrays of percolators set up on work benches or behind machines.

• **No Coffee, No Work**—One employer learned the hard way that you can't just order the percolators removed. He told women employees to get rid of the coffee pots set up in the ladies' room.

The women threatened to walk out. A strike was averted when the employer promised to provide free coffee for all.

• **Company Experiences**—John Plain & Co., Chicago mail-order house, distributes free coffee to employees in its warehouse and office four times a day—during morning and afternoon breaks, at noon for those who bring a lunch from home, and at five o'clock for anyone working overtime.

Plain has found employees who normally quit at five will work through to eight in the evening without a dinner hour—if they get coffee.

Lion Mfg. Corp., Chicago, says "free coffee saves time—if we give it away, we can control the break period."

Electrical Windings, Inc., says free coffee, served in its lunchroom in mid-afternoon, "has helped to reduce inspection-line rejects" that generally go up sharply toward the end of a shift.

• **How They Do It**—Some companies make the coffee in lunchrooms or set up urns in a central spot, tell the workers to come and get it. Others make it in regular kitchens and deliver it by cart to men at their machines.

The cost runs about 4½¢ a cup. That covers sugar, cream, a paper napkin, and a paper hot-drink cup.

Caterers do the job for companies that aren't equipped to make their own coffee. In Chicago, Commissary, Inc., and several other companies specialize in making coffee in big lots and delivering it in 5-gal. thermos containers, with fixings, on regular daily schedules. Their rate runs 7¢ or 8¢ a cup for the works.

This makes a price difference: Old-time craftsmen mostly drink coffee black; women like cream and sugar. So if you employ women, it costs more.

LABOR BRIEFS

What's a line? TV networks and their actors' union want to know. A new contract pays one rate for actors with more than five lines on a show, a lower rate for those with less to say. Parties agreed on that, then disagreed on how many words make a line. Now they're bargaining again on that.

•

Construction pay rose an average 10¢ an hour for journeymen, 9¢ for helpers and laborers, during the year ended last June 30, according to BLS.

•

Productivity in the men's work-clothes industry was higher by 7% in 1949 than in 1945, a BLS survey shows.

•

A $1½-million fund has been turned over to the University of Michigan by General Motors for an industrial-health research project to last 10 years. While GM is thinking of better health for its 446,000 workers, it will make its findings available to all industry.

The Pictures—Dick Wolters—Cover, 89, 90; Bob Isear—22, 23; Acme—24; Reni, Washington—30, 32, 34; Arnold Eagle—72; Hans Basken—78; Graphic House photo by Eileen Darby—96; Eastern—122, 124, 126.



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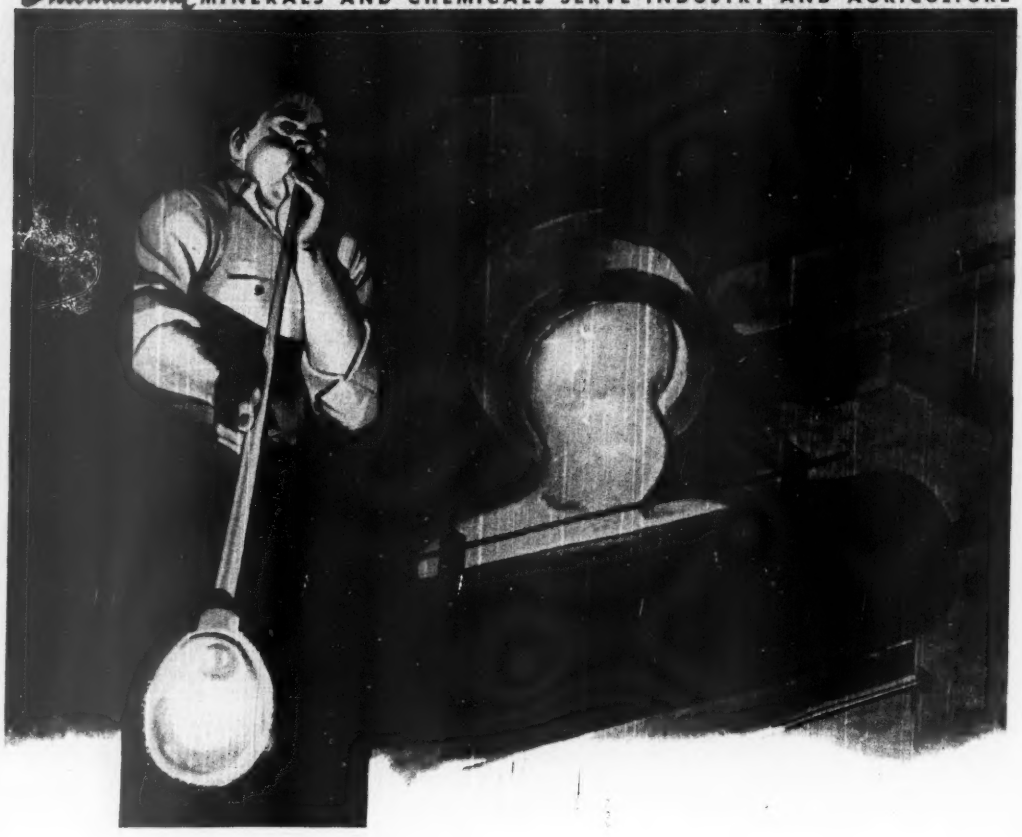
One of the most important developments in the trucking business has been the utilization of production-line resistance welding to impart added strength to the vans that carry the cargo. Typical is an operation, in one huge trailer plant, that permits the simultaneous making of 64 spot welds in a matter of 20 seconds . . . each with a shear strength of over 800 pounds. Better construction is the result . . . stronger, at lower cost, and with no increase in weight.

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INTERNATIONAL OUTLOOK



Washington now believes that Stalin may force a diplomatic showdown by mid-1951. That would multiply the danger of World War III.

So we are in a real national emergency that demands a defense speedup.

Faster mobilization here also will tell Western Europe, as well as Russia, that the U. S. intends to stay firm.

•

Washington is preparing in other ways for the coming showdown.

Secretary Acheson is off to Brussels to beef up Atlantic defense.

The Atlantic High Council finally will approve the composition of the Atlantic Army—including where the West Germans fit in.

In effect, the council also will fix each European country's rearmament program, thus speeding mobilization across the Atlantic.

But the Germans are balking at the special role slated for them. Bonn is demanding full equality with Atlantic Pact members.

•

It's a question, though, whether enough will be done at Brussels, even if the German arms problem can be untangled.

The West will need more up its sleeve than the atom bomb and a three-year defense plan when the time comes to sit down at poker with Stalin.

Much better would be a European emergency defense plan that will mean something in six months, backed up by the bigger 1952-53 program.

Such a short-term plan would depend heavily, of course, on new U. S. and British divisions in Germany.

•

The U. S., Britain, and France have agreed on talks with Moscow.

The Russians want to discuss only Germany. You can spot their demand now: a unified Germany under a "popular front" government. That would mean Communists holding down the key cabinet posts, even though they were a minority in the government.

The Western Allies would like to go over the whole world situation with Moscow. But it's not likely they'll quibble too long over an agenda.

Germany, in any case, will be the big issue when the Big Four get together.

•

The U. S. isn't forgetting about Asia (page 133). We'll hold on in Korea as long as possible, try to check the Chinese Reds if they strike elsewhere.

At the same time, Washington has given 13 Asian and Arab nations a green light for truce talks with the Chinese Communists. But nothing much is expected from this move.

In a sense, the Far East already has become a secondary front—even though that's where the fighting now is.

•

The French still are frantic about German rearmament.

First, they said that a rearmed Germany might team up with Russia against the West.

Then they warned that the Germans would start a war with Russia by trying to grab back Eastern Germany.

Now French leaders are saying this: A Western decision to rearm the Germans will provoke a war ultimatum from Stalin. (Moscow said on Oct. 18 that it wouldn't "tolerate" German rearmament.)

What the French want first is massive U. S. and British forces on the

continent—though it's hard to see why Stalin should like that any better than a German army.

•

Raw-material shortages in Britain have forced civilian industries to lay off some workers. And that's causing trouble in the Labor party.

Rank-and-file Laborites only half believe that rearmament is essential. They resent its impact on employment and living standards.

That's why Prime Minister Attlee is playing up Truman's promise to smooth the flow of raw materials to Britain (page 26).

•

Attlee has something else to explain to his supporters—why the U. S. is cutting off Marshall Plan aid to Britain Jan. 1. That was agreed to in London this week.

Apparently, the U. S. won't even be paying for most supplies now in the ECA pipeline—things the British are committed to buy. Our position is that the British have accumulated enough dollars to get along on their own.

But London still hopes some of the goods already ordered can be covered by U. S. military aid.

•

The average Frenchman is pleased by the Truman-Attlee talks. He figures that Attlee talked Truman out of dropping the atom bomb in Korea.

But French industrialists look at the Washington meeting from another angle. They suspect that the British got a promise of raw materials from the U. S. stockpile.

This suspicion reflects growing fears that France will soon run short of sulphur, cotton, wool, and nonferrous metals.

The government fanned these fears this week. It warned that raw-material bottlenecks would keep French production from expanding much next year, despite rearmament.

•

French Communists this week launched one of their shrewdest propaganda campaigns.

Their target: the government's decision to cut back capital investment by 50-billion francs next year.

Communists are blaming rearmament for the cut. In its place, they want homes, hospitals, playgrounds.

That kind of campaign could have an explosive effect on ill-housed French workers.

•

The state of Minas Gerais—Brazil's top mineral producer—is due to get a $20-million loan from seven French banks.

The money will go for French industrial and construction equipment to speed development of the area. It has big reserves of strategic materials like manganese, quartz, iron ore, zirconium.

•

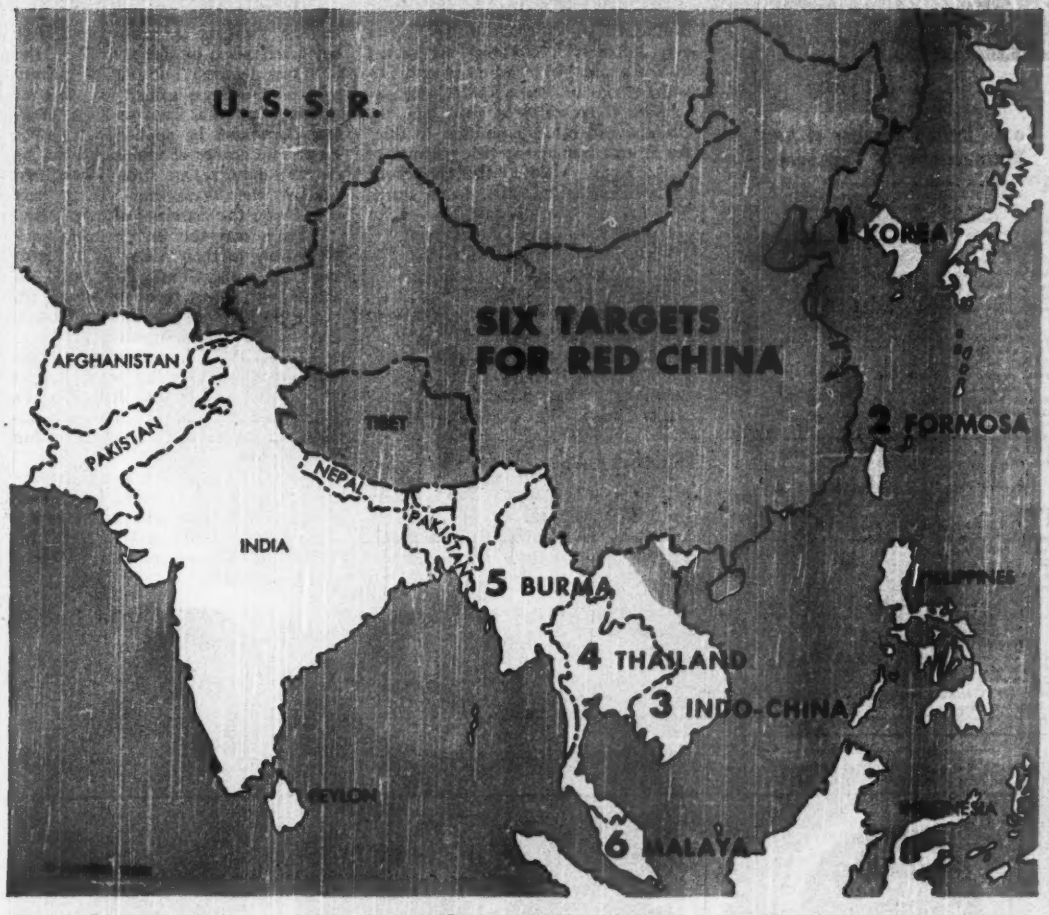
The U. S. had an import surplus for the third straight month in October. The score: imports, $921-million; exports, $905-million.

Rubber and cigarette tobacco accounted for the biggest single increase in U. S. buying abroad. Iron and steel semi-manufactures, and nonferrous metals, also went up. Coffee went down.

October's import figure is 65% ahead of the year-ago level, and 34% over the monthly average for the first nine months of this year.

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BUSINESS ABROAD



Defeat in Asia Threatens U.S.

Early this week rumors were flying at Lake Success that some kind of Korean truce plan was in the making. But State and Defense Dept. officials in Washington had their fingers crossed. As these officials ruefully looked at their maps of Asia, one thing was plain: U.S. policy is threatened by a disastrous defeat in Asia.

• **Policies**—The Truman-Attlee talks last week hadn't relieved Washington's gloom. The President and the Prime Minister had agreed on the steps needed to bolster Western Europe. But their talks had pointed up the deep U.S.-British differences over what to do next in Asia.

Speaking for Western Europe plus the British Commonwealth, Attlee pleaded for this policy: Try to negotiate all outstanding Asian issues with the Chinese Reds, including Formosa and Peiping's admission to the U.N. Build up strength in Southeast Asia with economic aid programs.

By contrast, Truman and Acheson favored a strong stand against Peiping: Fight on in Korea and Indo-China. Wage a limited war against China if that becomes necessary. Put military aid for Southeast Asia ahead of economic assistance.

• **Reality**—But more important than U.S.-British differences was this brutal fact: The Chinese Communists have enough power to drive the West out of Korea, Indo-China, Thailand, Burma, Malaya. Thus the Chinese can probably win their targets, either by pressure tactics or by military means.

I. Catastrophe

Few U.S. officials pretend that Mao Tse-Tung's armies can't drive the United Nations forces out of Korea whenever Mao decides to pay the price in lives. Truman and Attlee admitted as much when they agreed last week that Gen. MacArthur's first duty now is to save his troops.

In Indo-China, U.S. military observers report that Chinese Communists are already fighting with Ho Chi-Minh's rebel army. These observers are telling the Pentagon that, if Mao throws his whole weight into the fray,



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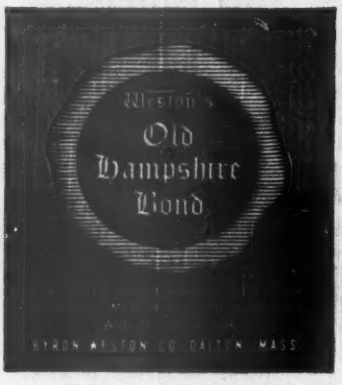
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administrative and technical executives, junior executives—men skilled in making top policy decisions—advertise for them in the "clues" section of BUSINESS WEEK.

See page 138.

the French will be forced to pull out.

• **Threat**—Military defeats in Indo-China and Korea would probably unhinge the whole rickety structure of non-Communist Asia. Burma and Thailand can't be expected to fight after over 200,000 U.N. troops are beaten in Korea and 150,000 French and Colonial troops beaten in Indo-China.

With these scalps on their belt, the Chinese will be in a position to drive the British out of the rich colonies of Hong Kong, Malaya, and Singapore. Then India and Pakistan, already scared by events in Tibet, would be ripe for blackmail from Moscow or Peiping.

Perhaps most serious, collapse on the East Asian mainland would gravely weaken the U.S. in Japan. State Dept. has long thought the major objective of both Stalin and Mao in Asia is to keep the West from enlisting Japan against communism. This was the guiding principle of the Sino-Soviet mutual-aid pact signed last winter.

II. Differences

The U.S. and Britain divide sharply on how to meet this threat.

• **Britain**—The British position is this: Accept the existence of Communist power in China, and try to live with it. To fight on the mainland of Asia is hopeless, especially when the West's strength is needed in Europe.

Back of the British approach is this kind of thinking: A basic power shift has taken place in the world over the past two decades. The populous countries of Asia have gained in terms of military power—at least as far as military power can be applied in the Far East. The armies of China, backed by Russia's industry, are strong enough to prevent the West from saving any country on the mainland of Asia.

This is why the British have stuck stubbornly to their policy of recognizing Communist China. To them, it's a question of trying to do business with the Reds, and, if you find you can't, then retreat before superior force.

• **U.S.**—The U.S. position, as Acheson put it to Attlee last week, is this: The West must test Red China's strength—and Stalin's intentions—to the limit before we back off the mainland of Asia.

For the U.S. this is a real firming up of policy. Ever since Gen. Marshall's mission to China in 1947, our Far Eastern policy has wavered between the extremes of military oppo-

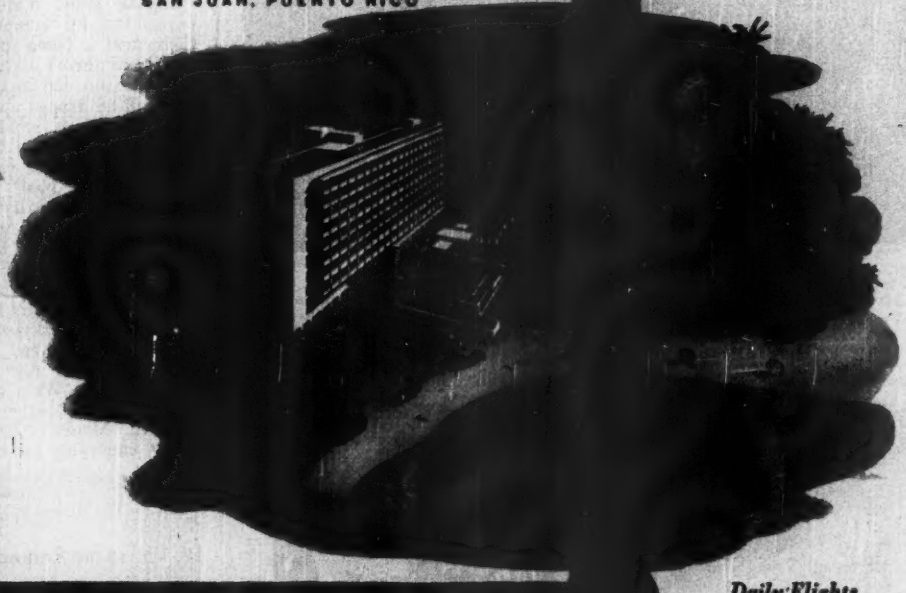


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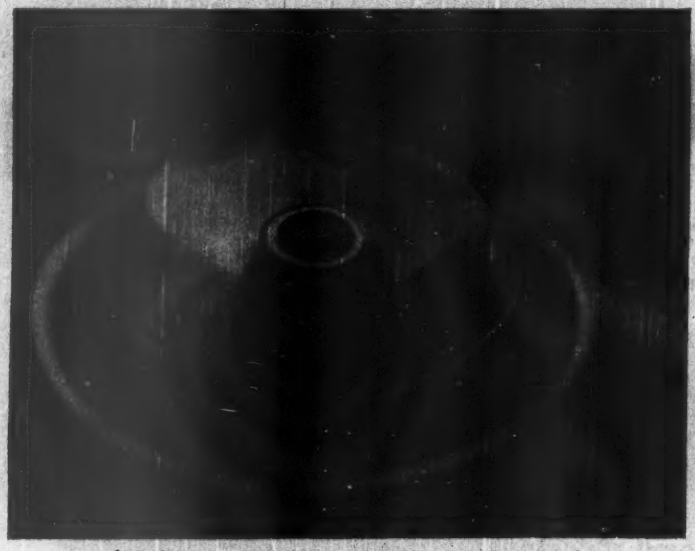
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sition to communism and acceptance of Red China's power. Just before Korea, Washington's major emphasis was on economic development in Asia. But from now on the U.S. is putting military considerations first.

III. Military Remedy

Arms aid to Indo-China is to top $300-million this fiscal year. Shipments there now have top priority. American officers are virtually taking over the Philippine army. (One U.S. military mission found it "completely corrupt.") Equipment is being speeded to Thailand. And there's a chance that arms aid to Chiang Kai-Shek's Formosa fortress will be stepped up.

Belated efforts are being made to train native troops in Indo-China and Malaya. Only four months ago the U.S. military men persuaded the French to form local Viet Nam battalions with native officers. So far, nine battalions have been organized. But the process will be slow, due to a dearth of officer material.

Communist military tactics are causing plenty of embarrassment to Western generals charged with creating strength in Asia. Red China's troops are facing the West with a type of warfare that's tougher than anyone expected. Masses of lightly armed infantry, employing guerrilla tactics and heedless of casualties, have taken a lot of the starch out of some U.S. technologists and their prized new weapons.

IV. Economic Remedy

Off the mainland of Asia—and in India, Pakistan, and Ceylon—economic considerations are still uppermost in the minds of Western policymakers. They contend that effective defense can only be built on a reasonably strong economic base.

• **Program**—Britain and the Commonwealth countries have taken the lead in this area with a $5.2-billion, six-year economic improvement program. Called the Colombo Plan, it is the least ambitious-sounding and therefore probably the most realistic attack on Asia's mammoth economic problems yet to come to light. The program is actually an assessment of the public-works programs of Ceylon, India, Pakistan, Malaya, Singapore, and the small Southeast Asian colonies of Sarawak, Brunei, and North Borneo. Colombo planners hope Burma and Indonesia will join in later (BW—May20'50,p136).

The project aims at increasing irrigated land in these countries 17%, raising food production 10%, boosting power output 67%.

Colombo planners figure that about $3-billion can be raised for their programs from internal financing and re-

leases from sterling balances. The rest would have to come from outside—meaning the U.S.

However, the State Dept. right now is framing its own billion-dollar five-year program for South Asia. The final figure has yet to be fixed—and Congress will have to be persuaded. But some program to tie in with the Colombo Plan is in the cards. "We won't be sweeping mosquitos off the same pond," said one official.

• **Obstacles**—Outside money is needed under the Colombo Plan not only for development equipment but to cover local costs. In India, where almost 75% of the plan's activity is scheduled, almost $1-billion in aid is needed to provide consumer goods to stem inflation and to provide local capital. In India today, capital for development purposes just doesn't exist in any significant amount. The problem in Malaya is much the same.

Finding such external aid was the biggest obstacle that the Colombo planners saw. U.S. food shipments are always possible. The Gray report (BW—Nov.18'50,p137) suggested that Export-Import Bank be empowered to finance local costs, as well as the dollar costs of the projects financed by its loans. But Congress isn't likely to look kindly on that kind of spending.



Gets World Chamber Job

This week the U.S. Council of the International Chamber of Commerce elected a new chairman: George A. Sloan, of New York. His predecessor, H. J. Heinz II, Pittsburgh, steps down next month. Sloan is a director of several top U.S. companies (U.S. Steel, Goodyear Tire & Rubber among them), a trustee of Massachusetts Institute of Technology and Vanderbilt University, and chairman of the Metropolitan Opera Assn. In his new post, Sloan will work with ICC members all over the world, stimulating trade and smoothing the way toward international business understanding.

DP Trouble

Australia's immigration plan bogs down. Too many professionals, too few laborers. Economists fear inflation.

Australia's ambitious immigration scheme, designed to bring in 200,000 new settlers annually, enters its third and most critical year next month. The outlook isn't good.

• **All Wrong**—Many Australians don't like the kind of immigrants they're getting. Others are sure that the 200,000 yearly rate—and the 1960 target population of just under 10-million—will bring severe economic dislocations. (In terms of U.S. population, Australia's intake would correspond to 4-million people a year.)

• **DP's**—Most newcomers Down Under in the past two years have come from Europe's Displaced Persons camps. These camps are closing now. Thus even if the government sticks to its announced plans, it will have a hard time recruiting the numbers it wants.

So far, British immigrants—which the Australians prefer—have been few and far between. And Italians and other southern Europeans are held up by the requirement that they have a sponsor in Australia, plus money enough to pay for their passage.

DP's need no sponsor: Their transfer is arranged by the International Refugee Organization and the Australian government. But as part of the bargain, the DP's must work two years on any job the Australian government assigns them.

This indenture system hasn't gone over well. Though the Australians have tried hard to get much brawn and little brain for their development projects, they've turned up instead many doctors, lawyers, scientists, and other professionally qualified refugees. These people do pick-and-shovel work grudingly and not well. And they give Australia's exclusive professional groups the jitters by demanding recognition of their European university degrees.

• **Union Trouble**—Australian unions balk at admitting the immigrants, too. In some industries production per man-shift has slipped—the union men apparently slowing down in proportion to the intake of alien labor.

But whether the immigrants be professionals or laborers, the Australian people in general are slow to accept them. They hate to see their "95% British stock" watered down with continentals.

• **Happy**—About the only people happy about the present setup are Australia's public-works enthusiasts. They have a

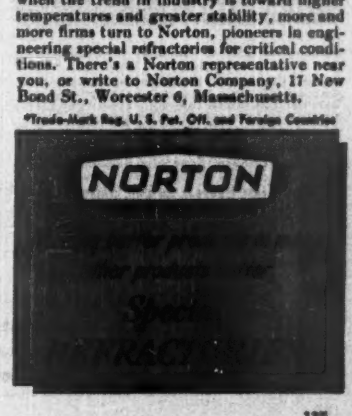


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PATENT RESEARCH SERVICE
furnishes manufacturing company officials with monthly illustrated abstract reports of patents currently issued specific to their lines of manufacture. For a sample report write:—Patent Research Service, P. O. Box 42, Pittsford, N. Y.

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list of major development schemes to cost $1.5-billion; and they're using at least three out of every four DP's on hydroelectric, coal, and irrigation projects.

• **Economic Trouble**—Australian economists see only trouble ahead. They blame the immigration program in part for Australia's racing inflation. And the development schemes make the situation worse: The immigrants at work on dams add nothing to the supply of consumer goods, but get a lot of extra money pumped into their aggregate pocket.

Further, the economists say that the projected population increase—2-million by 1960—will require a 40% boost in capital investment; otherwise, the immigrants won't be productively employed and housed. They're afraid that immigration on the present scale, plus the diversion of resources to development and defense needs, may bring about a 10% drop in living standards.

• **U.S. Help**—Australians agree on one thing, though. Foreign help is needed if the immigration program is to continue. And that means more U.S. help. The recent $100-million loan from the U.S. (BW—Jul.29'50,p80) won't supply tools enough to keep even one year's crop of immigrants busy.

Cheap British Radio Tunes In on U.S. Stores

Selling foreign radios in the U.S. is like shipping coal to Newcastle. But the U.S. is sending coal to Newcastle (BW—Nov.25'50,p116). And the British are marketing a radio in the U.S.

The product is the Murphy radio. It sells as low as $39, has short, medium, and standard wave reception. The producer: London's Murphy Radio, Ltd. The importer: John Carroll, New Orleans. Murphy, one of Britain's top radio manufacturers, has given Carroll the entire South and Midwest as a territory. So far, Carroll is Murphy's only U.S. agent.

Carroll has spent the last few months scaring up distributors and wholesalers—some as far north as Wisconsin. He reports "extremely heavy" demand and has arranged to import "several thousand" sets a month beginning in January.

• **Advantages**—The big reason for the interest in the Murphy is its price—and what it will do for the price. There are five models ranging from the $39 set to a console that is expected to sell for less than $100. A five-tube radio in the $60 range has eight bands, plus the names of the stations pegged on the dial. If you want Moscow, you turn right to the word "Moscow," without hunting up numbers. Carroll optimisti-

cally says that the set can pick up any station in the world.

Another Murphy advantage is its resistance to tropical heat and moisture. Also, it's supposed to operate on just about any current from 90 to 260 volts.

• **Plumbing, Too**—Carroll has another iron in the fire. He has a deal with three British manufacturers of plumbing equipment, expects to sell showers, tubs, other bathroom fixtures for less than American Sanitary Mfg. Co. can make them in its New Orleans factory.

BUSINESS ABROAD BRIEFS

Metals shortages in East Germany are already threatening the five-year production plan slated to start in January. Stocks of copper, aluminum, and zinc have dwindled to almost nothing since the West cut back shipments.

•

Truck-trailers for Brazil: Fruehauf Trailer plans to build them in a new plant, probably in Sao Paulo. It will be the company's first full-scale manufacturing and assembly operation in Latin America.

•

The Schuman Plan for farming—West Europe's Mansholt program—is taking shape. Dutch Agricultural Minister Sicco Mansholt and Paris leaders have agreed on: (1) a European board for agriculture and food; (2) control of national production; (3) formation of inter-European stocks to stabilize sales and prices.

•

Colombia is grabbing for goods while it can. The turn in the Korean war spurred its Exchange Control Office to grant import licenses now as advance allocations against next year. Involved are a 20% advance for cotton, similar allowances for fertilizers, trucks, and chassis.

•

The biggest foreign order ever for a Dutch firm was nailed down by Werkspoor of Amsterdam. Argentina placed the contract, which calls for $52-million worth of railway equipment. Among other things Werkspoor will build 20 diesel-electric trains of five cars each.

•

Cuba's third TV station will go on the air early next year in Havana. RCA is supplying the equipment.

•

Japan has promised to honor its dollar debts. U. S. investors have been holding close to $68-million in Japanese dollar bonds since Pearl Harbor days.

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First bottled gas in the Far East is being produced by Standard-Vacuum Oil Co. in Sumatra. Stanvac is shipping the first batch to the Philippines.

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THE TREND

Profits Taxation Should Make Sense

The excess-profits tax bill is moving steadily toward enactment this year. What kind of a law it is may be largely determined by the Senate Finance Committee, where it is now under discussion.

With a projected budget of $75-billion it is plain as day that the Treasury needs large new revenues. As its leaders have made very clear, business stands ready and willing to help meet the added taxes that must be raised.

The Treasury has asked for an excess-profits tax. Spokesmen for business have generally favored a flat step-up in corporate tax rates.

The Treasury's proposal called for taking 75% of profits that exceeded 75% of the prewar average. This it described as a tax on "defense profits," even though it meant applying that tax rate to 25% of the average profits before Korea. In the name of wartime excess-profits taxation, the Administration has been trying to rush through the old CIO scheme of putting an iron ceiling on normal earnings.

The House recognized this as a fraud and somewhat modified the Administration's bill. It cut from 25% to 15% the share of pre-Korea profits that fell under the new tax. But this compromise still violates the basic principle that a wartime excess-profits tax should tax profits only in excess of the prewar standard.

A Bad Tax

The excess-profits tax is a bad tax. Experience shows that it hits new and growing companies and industries heavily, that it leaves a vast and costly legacy of claims against the Treasury, which tends to undermine confidence in our tax system, that it fosters waste and extravagance—and so—inflation. And most important—it favors current operating outlays as against expenditure for expansion of plant and equipment. As long as we have a limited mobilization where incentives still govern the major share of production decisions, this is a vital fact and a heavy condemnation of EPT.

On all these counts a straight increase in corporate tax rates would make more sense. And from a revenue point of view EPT has no advantage. For example, it has been estimated that in World War II a corporate income tax set at 60% would have produced as much revenue for the Treasury as the 40% basic rate and the EPT rate that reached 95% in 1944.

The problem for the Senate then is to satisfy the demand that the pending tax bill "take the profit out of war" and still preserve the vitality of American industry.

The general outlines of such an approach seem rather clear: (1) an emergency increase in the flat rate on corporate income; (2) adoption of an excess-profits tax that is truly based on war profits and geared to tax rates that will not encourage inflationary waste in current operating outlays at the expense of expansion of production; (3) setting up of an effective renegotiation of war contracts procedure to get directly at real war profits.

An approach of this kind is a realistic one in terms of the kind of emergency we face. It will also be possible to fit it next year into an over-all strengthening of the tax structure in the light of war needs. In such a revision, however, attention must be paid to the vital matter of using the tax engine to fight inflation, for that is not achieved with any type of corporate income tax.

Invention or Gadget . . .

Any businessman eager to know when an invention is not an invention should keep his eye on the Supreme Court's full opinion in the A&P vs. Supermarket Equipment case, not on the sideshow staged by Justice Douglas and joined in by Justice Black. The court carefully defined why it knocked out the patent on the checking-counter rack.

In their much-quoted concurring opinion, Justices Douglas and Black agreed in deed but not in word. They dammed the checking counter as a "gadget." They declared that "the constitution never sanctioned the patenting of gadgets." They berated the Patent Office and the patent system. What they failed to do was to define what they meant by a gadget or to explain why they turned aside from the court's useful statement to play by themselves.

The answer may lie in the fact that both justices have for some time been caught in two currents of ideas.

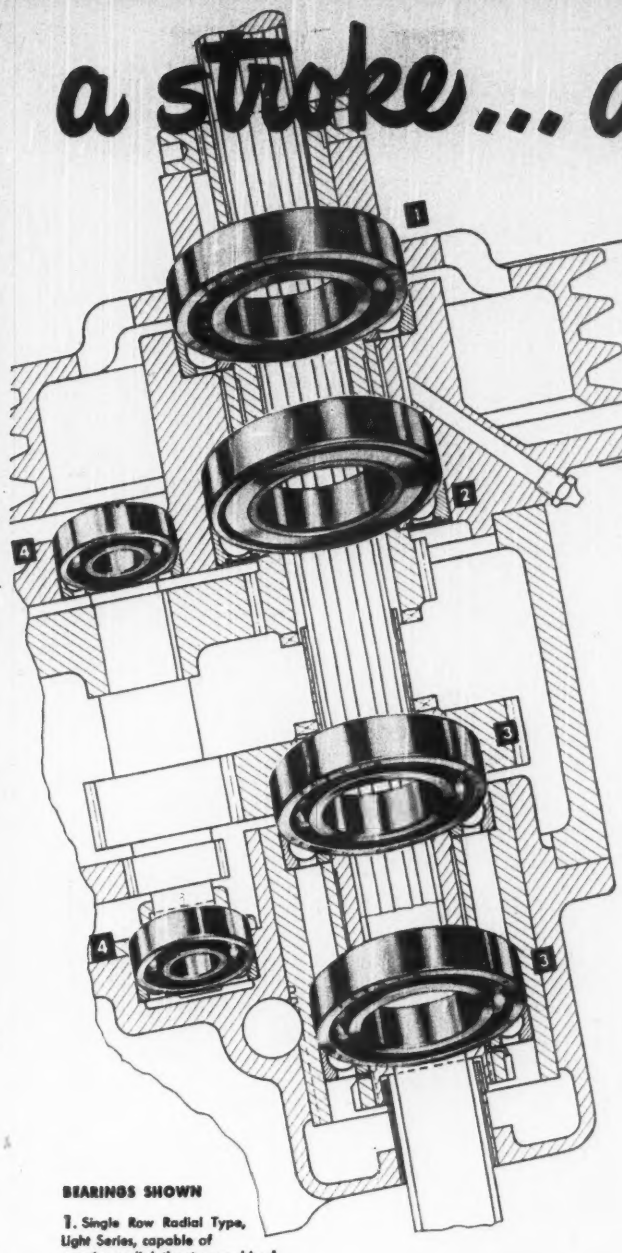
One, claiming that patents are issued on too many trivial objects, would raise the standard on which they are granted. The other is based on Thurman Arnold economics, stressing the monopoly idea inherent in patents; this school holds that the patent system as we know it should be virtually abolished.

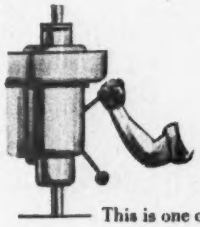
For a time the Supreme Court seemed so impressed by one argument or the other that patents went down like nine-pins. Industry wondered about research money if patent protection was not sure.

Despite the court's latest decision, that trend seems to be slowing down. The Supermarket Equipment patent was thrown out on its merits, not on a doctrinaire theory. Justices Douglas and Black were in effect dissenting from this. Their language represents an attitude that seems to have passed its peak. The legal importance of their statement is far less than its publicity value.

Meanwhile, any manufacturer modest enough to call his product a "gadget" need not worry too much. The court has not declared gadgets unpatentable. If it ever does, it will be gadget by gadget, case by case.

a stroke... a hole





This is one case where a stroke a hole does not mean a handicap. Instead, it means fast, uninterrupted drilling.

To keep up such a pace in any metal, the maker of this power feed assembly for a drill press knew he had a tough holding job for ball bearings . . . a problem which he turned over to Fafnir. The solution — shown here — worked perfectly.

If your product calls for ball bearings you, too, will find it to your advantage to call in Fafnir specialists because Fafnir's experience is not limited to just one or two industries but is industry-wide. The Fafnir Bearing Company, New Britain, Conn.

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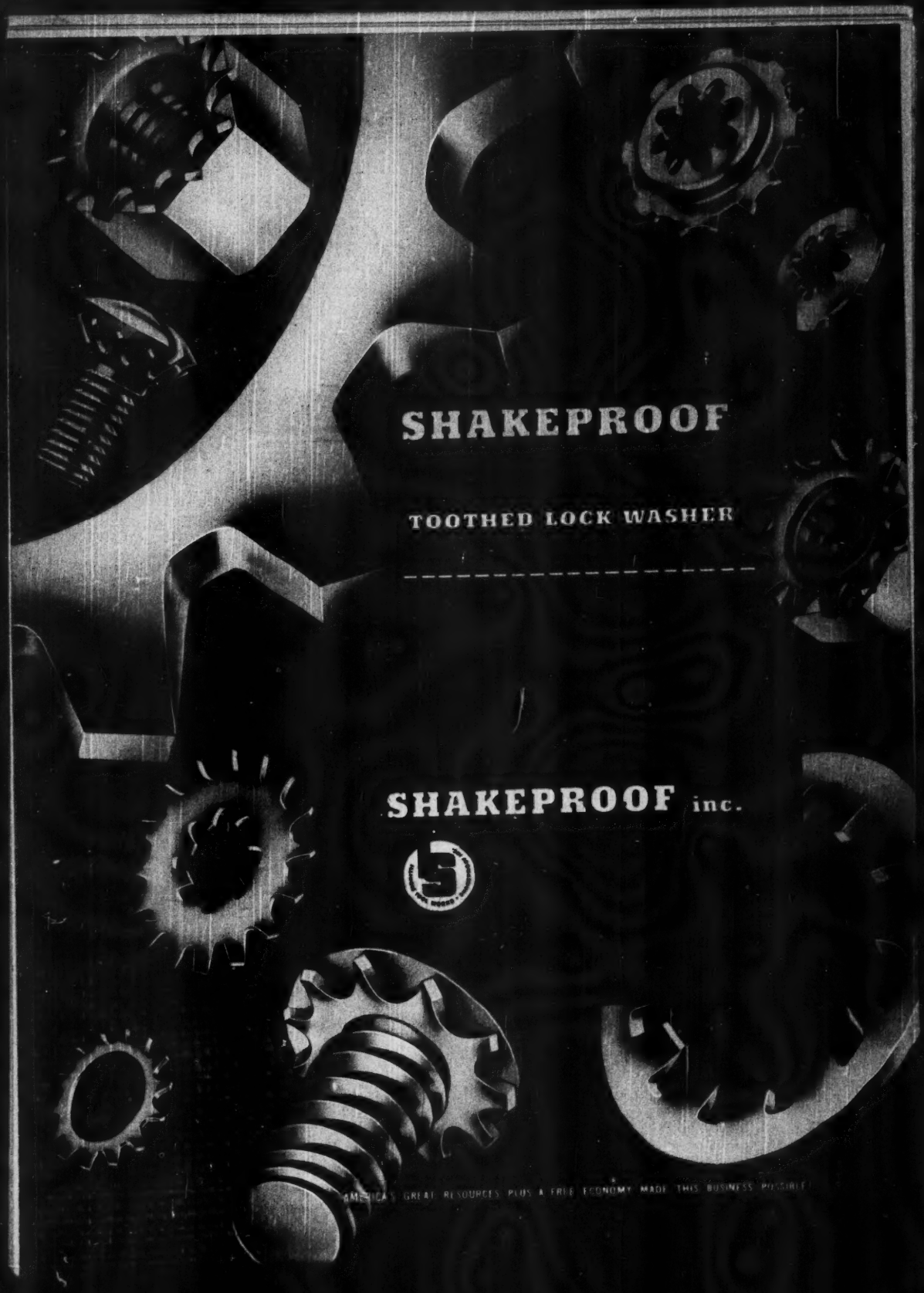
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